

## Hospital, Employment and Price Indicators for the Health Care Industry: Third Quarter 1997

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*This regular feature of the journal includes a discussion of recent trends in health care spending, employment, and prices. The statistics presented in this article are valuable in their own right and for understanding the relationship between the health care sector and the overall economy. In addition, they allow us to anticipate the direction and magnitude of health care cost changes prior to the availability of more comprehensive data.*

### **KEY THIRD QUARTER 1997 TRENDS**

- The adult occupancy rate at community hospitals increased 1.1 percentage points in the third quarter of 1997, measured from the same period 1 year earlier. This is the fourth consecutive increase and is an indication that the trend of falling hospital occupancy has ended. Prior to this string of increases, there were but two increases in the adult occupancy rate in the 1990s, the last in the fourth quarter of 1991.
- Although the length of stay (LOS) in community hospitals, stratified by age, declined in the third quarter of 1997 as measured from the same period 1 year earlier, total hospital admissions increased in the third quarter when compared with the same time period 1 year ago. Admissions per thousand population for all persons and for those 65 years of age or over also increased as measured from third quarter 1996.
- Labor force indicators show that employment growth in private sector hospitals has been accelerating since the second quarter of 1995 when compared to the same quarter 1 year earlier. The level of average weekly hours in private sector hospitals is approaching its previous high of 35.1, reached in the third quarter of 1974. This development, coupled with the increase in admissions cited previously, suggests that employment growth in private hospitals will continue to accelerate.
- Average hourly earnings in the health sector grew by 3.2 percent measured from the same quarter 1 year ago. Health sector hourly earnings increased less than those in the total private sector (up 3.7 percent, when measured against the same period 1 year earlier), suggesting no upward pressures on medical prices.
- The deceleration in medical care price growth that began in the first quarter of 1991 continued in the third quarter of 1997.
- Both hospital consumer and producer prices grew at all-time low rates in the third quarter of 1997, partly the result of a lower growth in outpatient prices.
- Prescription drug price growth has decelerated over the past year, according to both the consumer price index (CPI) and the producer price index (PPI).

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## INTRODUCTION

This article presents statistics on health care utilization, prices, expenses, employment, and work hours, as well as on national economic activity. These statistics provide an early indication of changes occurring in the health care sector and within the general economy. We rely on indicators such as these to anticipate and predict changes in health care sector expenditures for the most recent year. Other indicators help to identify specific reasons (e.g., increases in price inflation or declines in utilization) for health care expenditure change.

The first nine of the accompanying tables report selected quarterly statistics and the calendar year (CY) aggregations of quarterly information for the past 4 years. Unless specifically noted, changes in quarterly statistics are shown from the same period 1 year earlier. For quarterly information, this calculation permits analysis of data to focus on the direction and magnitude of changes, without interference introduced by seasonal fluctuations. The last four tables in the report show base weights, annual index levels and annual percent changes in the Input Price Indexes maintained by HCFA. The annual percent changes and the four-quarter moving average percent changes for input prices are calculated using the same procedure, namely averaging the four quarters ending with the fourth calendar quarter of the current year and dividing by the average of the four calendar quarters of the preceding year.

## COMMUNITY HOSPITAL STATISTICS

Statistics from the American Hospital Association (AHA), presented in Tables 1 and 2, show that revenue and expense growth in third quarter 1997, measured

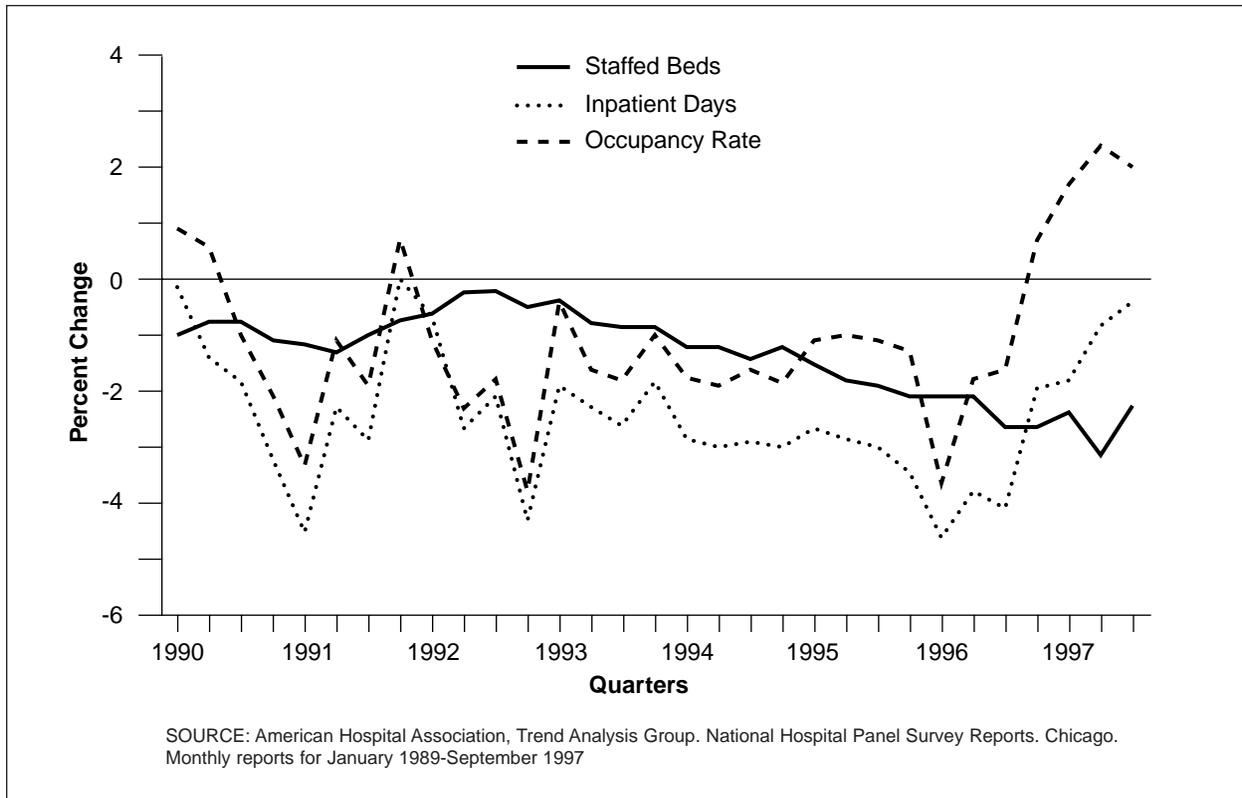
from the same period 1 year ago, each continued a moderate upward trend. Revenue grew slightly faster than did operating expenses (4.4 percent and 4.1 percent, respectively, when measured from the same quarter of 1996), a turnaround from the previous quarter; revenue growth last exceeded expense growth in fourth quarter 1996.

Additionally, AHA statistics indicate that the decline in the hospital occupancy rate has ended and, indeed, may be reversed. As Figure 1 illustrates, we now have four consecutive quarters during which the occupancy rate in community hospitals, as measured from the same period 1 year ago, has risen. Prior to this recent turnaround, there had been only two quarters in the 1990s that, when compared with the same period 1 year earlier, experienced occupancy rate increases.

The number of staffed beds in community hospitals, as measured from the same quarter 1 year ago, continued to decline. In addition, hospital admissions have risen over the year in three of the last four quarters for all ages and for each age cohort. Admissions per thousand rose in the third quarter of 1997 when compared with 1 year ago both for all adults and for those aged 65 or over. Admissions per thousand for the less-than-65 age group declined during the year, but admissions for the older cohort grew sufficiently during the year to allow the all ages rate to rise.

Although inpatient days declined when measured from the same quarter 1 year ago, this decrease continued the decelerating trend noted in the past four quarters. This was the twenty-third consecutive quarterly decrease for inpatient days as measured from the same quarter 1 year ago. Both inpatient days and the number of staffed beds dropped, when measured from 1 year ago, in third quarter 1997. The number of staffed beds, however,

**Figure 1**  
**Staffed Beds, Inpatient days, and Occupancy Rate, Percent Change**  
**From Same Period of Previous Year: 1990-97**



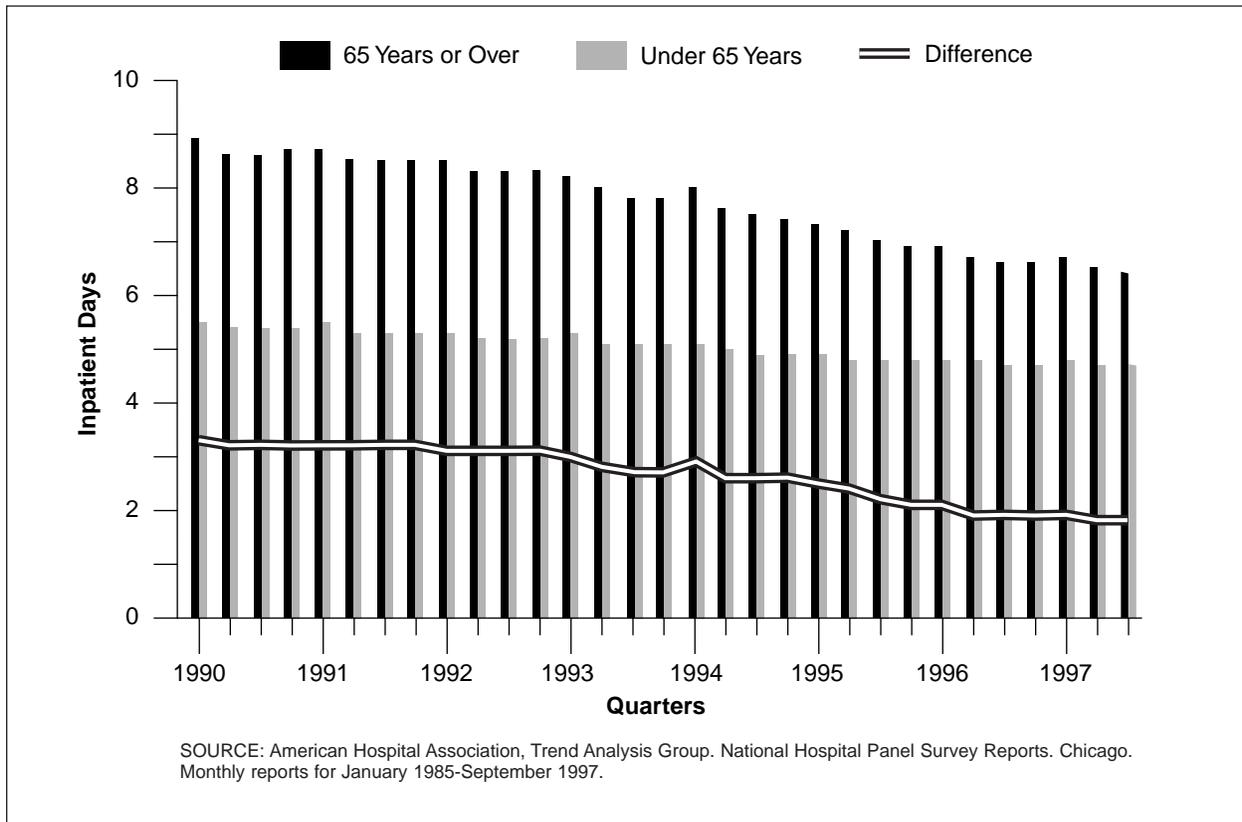
decreased by 2.3 percent and inpatient days decreased by 0.4 percent when we compare each with the same period 1 year ago. The movement of these two statistics allowed the adult occupancy rate to increase for the fourth consecutive quarter, when measured from the same quarter 1 year ago. The adult occupancy rate is determined by dividing the adult census in hospitals by the number of staffed hospital beds.

The adult LOS also decreased in third quarter 1997 as measured from the same period 1 year earlier, as Figure 2 illustrates. This LOS movement downward occurred both for those aged 65 years or over and for those less than 65 years of age. The difference between the LOS for those persons 65 or older and the LOS for those under 65 continued to narrow, and now stands at 1.7 days. Since first quarter 1982 the LOS for

those aged 65 or over has dropped from 10.3 to 6.4 days, whereas the LOS for those under 65 has decreased from 6.5 to 4.7 days. During this same period, the LOS for all adults has fallen 2 full days, from 7.3 to 5.3 days. The third quarter 1997 decline, coupled with increased admissions and an 0.6-percent increase in inpatient expenses when measured from the same period 1 year earlier, caused a rise in the amount of inpatient expense per inpatient day as compared with the same quarter 1 year ago. Inpatient expenses per inpatient day have been increasing at a decelerating rate since the first quarter of 1996.

Within the hospital operating expenses category, third quarter 1997 hospital labor expenses rose 3.3 percent when compared with the same quarter of 1996. Labor expenses, as reported by the AHA, have increased between 2.4 percent and 3.8 per-

**Figure 2**  
**Length of Hospital Stay:**  
**Patients Aged 65 and Older, Under 65, and Difference: 1990-97**



cent for each of the last nine quarters, whereas total hospital operating expenses have risen between 3.4 percent and 4.7 percent.

**TRENDS IN HEALTH SECTOR EMPLOYMENT AND EARNINGS**

The health sector labor force indicators consist of employment, nonsupervisory employment, average weekly hours, average hourly earnings, and implied nonsupervisory payrolls (the product of nonsupervisory employment, average weekly hours, and average hourly earnings). These statistics are presented in Tables 4, 5, and 6. By comparing the changes in the health sector labor indicators with changes in the aggregate indicators for the private

non-farm business sector, we can assess the relative strength of employment and earnings growth in health services.

Different less-inclusive measures<sup>1</sup> of labor expense in hospitals than the AHA data discussed above are presented in BLS's average hourly earnings of non-supervisory workers in private hospitals and the implied payrolls of nonsupervisory workers in hospitals. Average hourly earnings in private hospitals grew 2.1 percent in the third quarter of 1997 when measured from the same period 1 year ago, whereas implied payrolls increased by 5.8 percent over the same quarter 1 year ago.

<sup>1</sup> BLS measures are less inclusive because they are for non-supervisory workers only, and because they cover 75 percent of the employment in all types of hospitals. Excluded are Federal, State, and local government facilities. AHA data cover all community hospitals (which employ about 74 percent of the hospital workforce) regardless of ownership, and exclude psychiatric and other types of long-term and specialty hospitals.

The overall health sector hourly earnings increase of 3.2 percent outpaced hourly earnings growth both in hospitals (2.1 percent) and home health care services (0.9 percent above the same quarter 1 year ago). Nevertheless, health sector wages average hourly earnings failed to keep pace with hourly earnings growth in the total private economy, which grew 3.7 percent as measured from the same period 1 year ago.

When the growth in hospital nonsupervisory average hourly earnings was blended with the increase in nonsupervisory employment and the growth in hospital hours, hospital implied payroll growth exceeded growth in AHA hospital labor expenses by 2.5 percentage points. Hospital implied payroll grew by 5.8 percent whereas AHA labor expenses increased by 3.3 percent. The hospital implied payroll growth of 5.8 percent in the third quarter of 1997, when compared with the third quarter of 1996, was derived from a 1.0-percent increase in nonsupervisory employment, the 1.7-percent increase in average weekly hours discussed previously, and a 2.1-percent increase in average hourly earnings. Note in Table 6 that although hospital payrolls grew 5.8 percent, they did not keep pace with health sector payrolls, up 6.4 percent when compared with the same time period 1 year ago, or with total private economy payrolls, up 6.3 percent when measured from the same quarter 1 year ago.

Hospital employment growth and hospital nonsupervisory employment growth, as measured from the same period 1 year earlier, have been accelerating for ten quarters. Third quarter 1997 private hospital employment rose by 1.8 percent and nonsupervisory private hospital employment grew by 1.9 percent when compared with the same quarter 1 year earlier. For the last

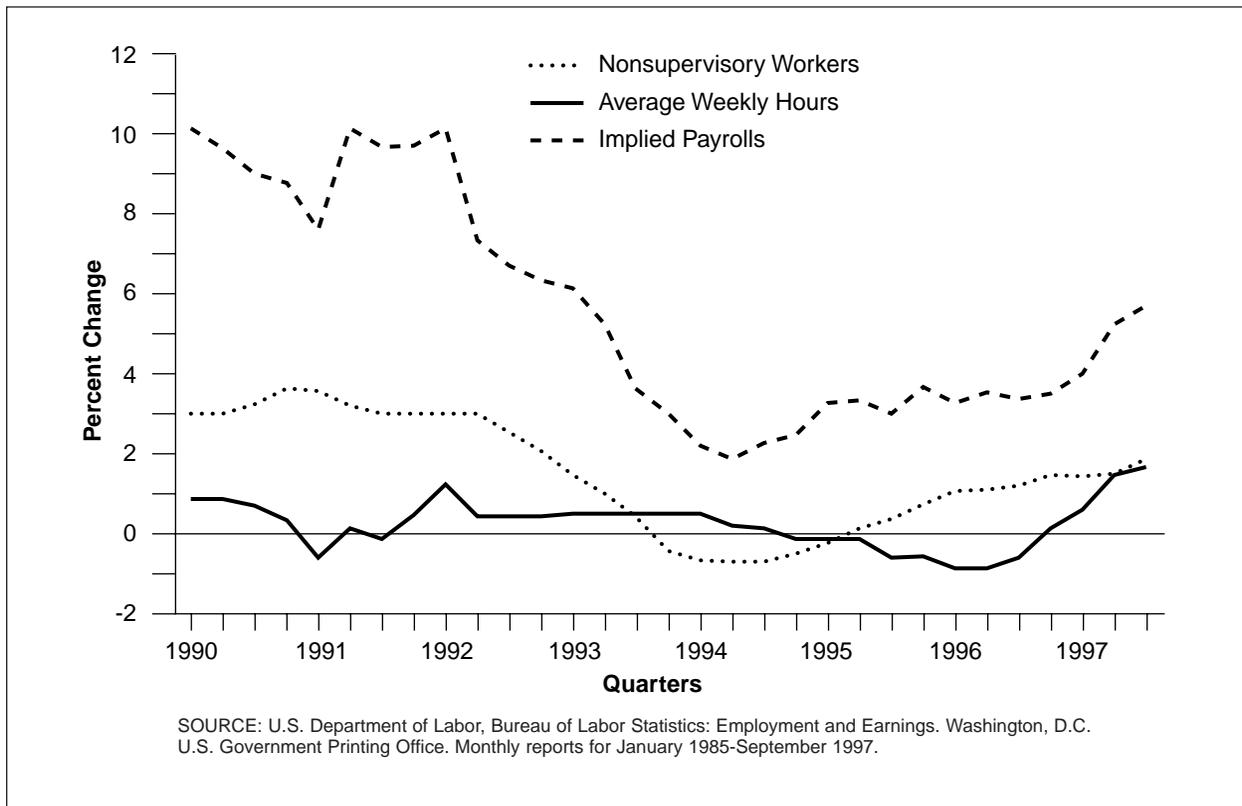
four quarters, average weekly hours for nonsupervisory employees in private sector hospitals have also been growing at an increasing rate. Both nonsupervisory employment and hours growth trends are illustrated in Figure 3. The hours increase of third quarter 1997 was 1.7 percent when compared with third quarter 1996. This was the largest over-the-year increase found from 1968 to 1997. The largest previous increase was 1.6 percent in the third quarter of 1982. Historically, nonsupervisory hours in hospitals have fluctuated in a narrow band (33.7 hours per week to 35.1 hours per week). The third quarter 1997 level stands at 34.9, which approaches the all-time quarterly high for hospital hours per week. The increase in hours, coupled with the accelerating employment growth, suggest that employment growth in private hospitals will continue. If the pace continues, private sector hospitals labor force indicators will register the strongest growth since 1992.

There are several indicators for hospitals that may portend positive growth in the near term.

For the third quarter 1997:

- Growth in private hospital employment and average weekly hours continued to accelerate.
- The growth in community hospital revenues exceeded the growth in community hospital operating expenses.
- Both inpatient and outpatient revenues continued to rise.
- Hospital admissions and hospital admissions per thousand population were up.
- Outpatient visits continued to rise, albeit at a decreasing rate.
- Adjusted patient days, which reflect both the number of inpatient days and an estimate of outpatient services volume, rose for the third consecutive quarter. Adjusted patient days have not declined

**Figure 3**  
**Nonsupervisory Employment, Average Weekly Hours, and Implied Payrolls in Hospitals:**  
**Percent Change from Same Period of Previous Year: 1990-97**

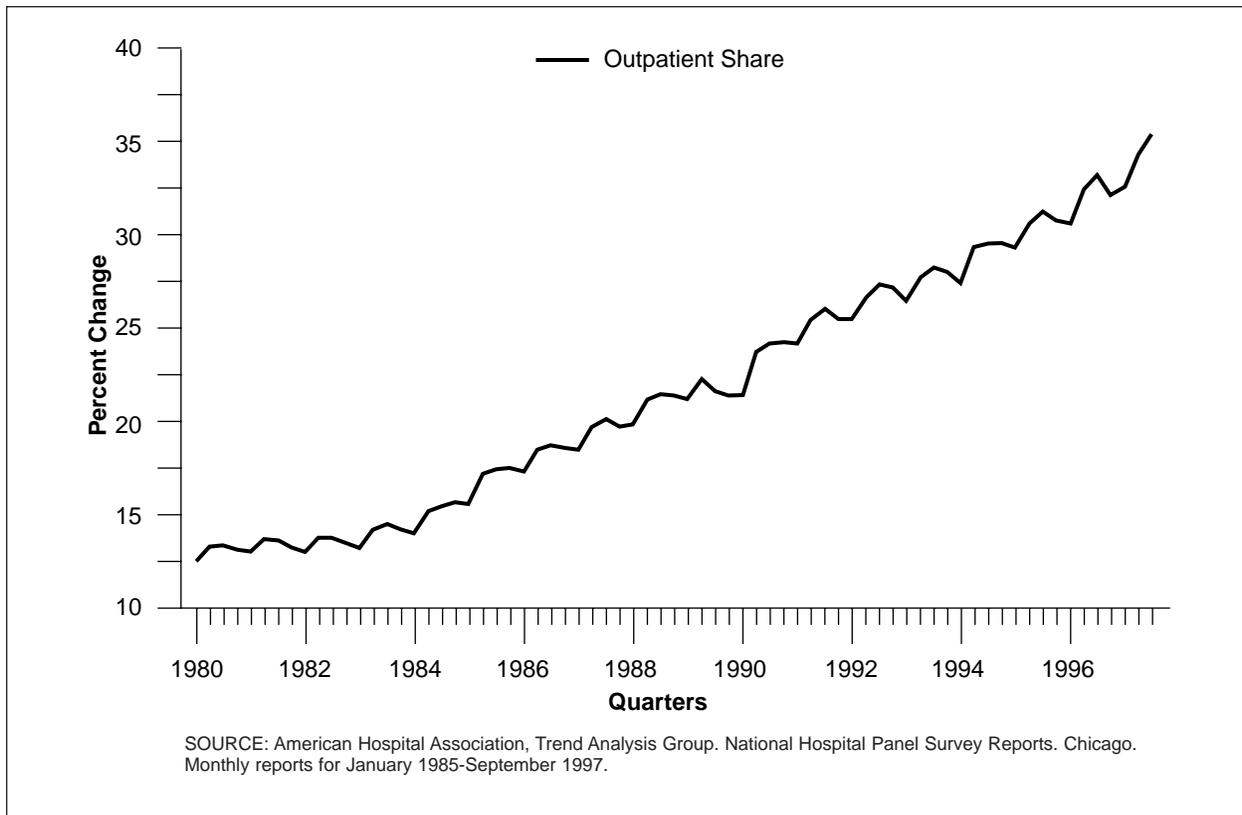


in a year (Note 2, Table 1 contains an explanation of the calculation of adjusted patient days).

- Signals which may temper the optimism of the positive movements listed here are financial hospital statistics which may be of concern in the future.
- Although not true for this latest reported quarter (third quarter 1997), total hospital operating expense percent increases have exceeded total hospital revenue percent increases in seven of the last ten quarters.
- Outpatient operating expense percent increases exceeded outpatient revenue percent increases in nine of the last ten quarters, including third quarter 1997.
- Inpatient operating expense percent increases exceeded inpatient revenue percent increases in nine of the last ten quarters, including third quarter 1997.

To counter these concerns, however, we note in AHA data that, for all quarters in the past 18 years, the absolute level of hospital total revenues exceeded that of hospital total expenses. That growth in expenses recently has exceeded growth in revenues more often than not for inpatient, outpatient, and total indicates that profit margins for hospitals may be somewhat reduced over time. In addition, although hospital revenues continue to rise, the makeup of hospital revenue has changed. Patient revenue has remained at about 95 percent of total hospital revenue in the period from 1980 to 1997. Within patient revenue, however, inpatient revenue constitutes an ever decreasing share, whereas the outpatient revenue proportion has risen dramatically. Figure 5 depicts these trends. Using third quarter figures for comparison purposes, third quarter 1980 inpatient revenue was

**Figure 4**  
**Outpatient Revenue as Share of Total Patient Revenue: 1980-97**



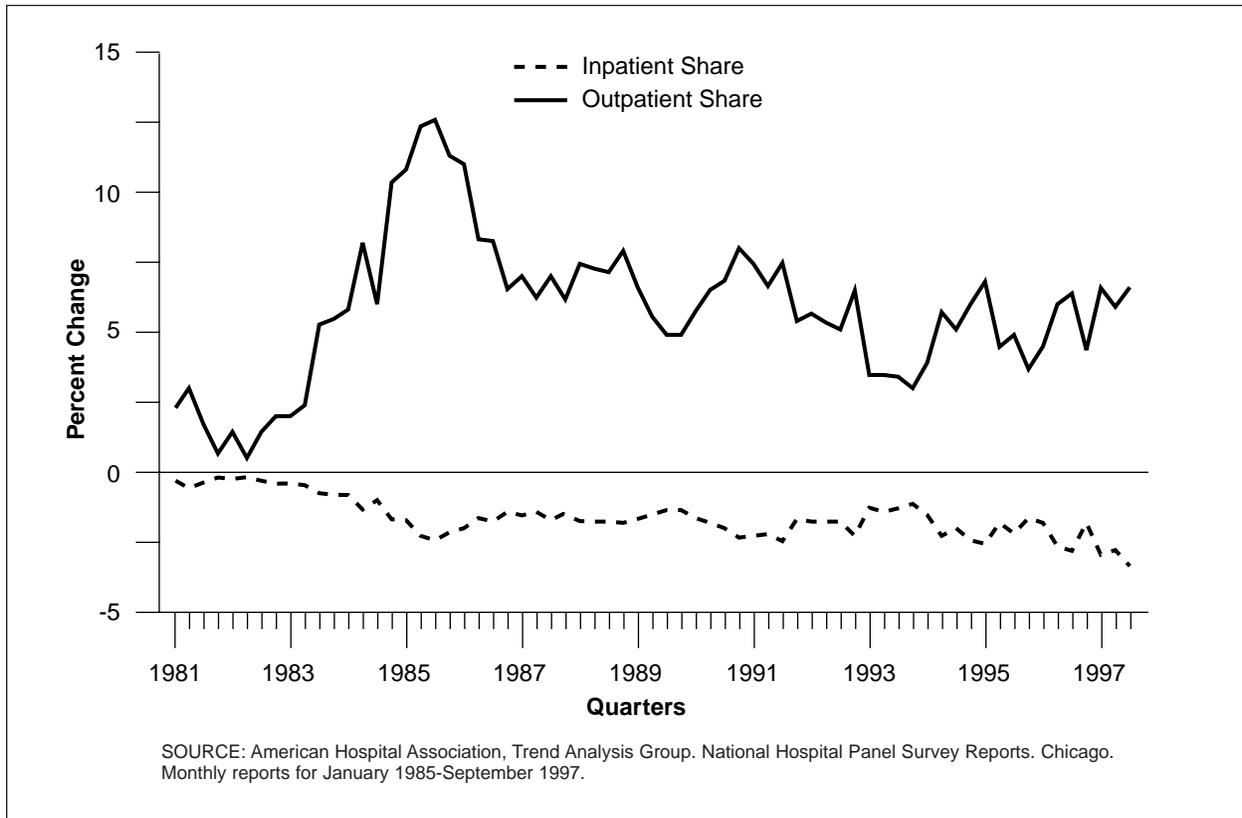
86.6 percent of total patient revenue, while outpatient revenue was 13.4 percent. By 1990, inpatient revenue had decreased its share to 75.9 percent of total patient revenue, a drop of 12.3 percent, and by third quarter 1997 the inpatient revenue share had fallen to less than two-thirds of total patient revenue, or 64.7 percent. At the same time the outpatient revenue proportion had increased to 35.3 percent, a 263-percent increase over its third quarter 1980 level of 13.4 percent. The long-term trend toward more outpatient service is found in outpatient visits and in outpatient revenue's share of total patient revenue, both of which have continued to rise. Although the rate of increase in outpatient visits has decelerated for four quarters, third quarter 1997 outpatient visits still increased 5.0 percent when compared with

the same period 1 year ago. At the same time, outpatient revenues (Figure 5) rose by 10.7 percent, measured from the same quarter in 1996. We can expect a continuation of the trend towards increased outpatient visits for the foreseeable future.

### **MEDICARE TRUST FUNDS INCOME AND OUTLAYS**

This article includes statistics on the income and outlays of the Medicare trust funds in Table 3. Quarterly levels of the outlays and income of the hospital insurance (HI) and supplementary medical insurance (SMI) trust funds fluctuate from quarter to quarter for many reasons. The variability in the quarterly trust fund data may be even greater than the quarterly variability in the other health care indica-

**Figure 5**  
**Inpatient and Outpatient Revenue Shares of Total Patient Revenue,**  
**Percent Change from Same Period of Previous Year: 1981-97**



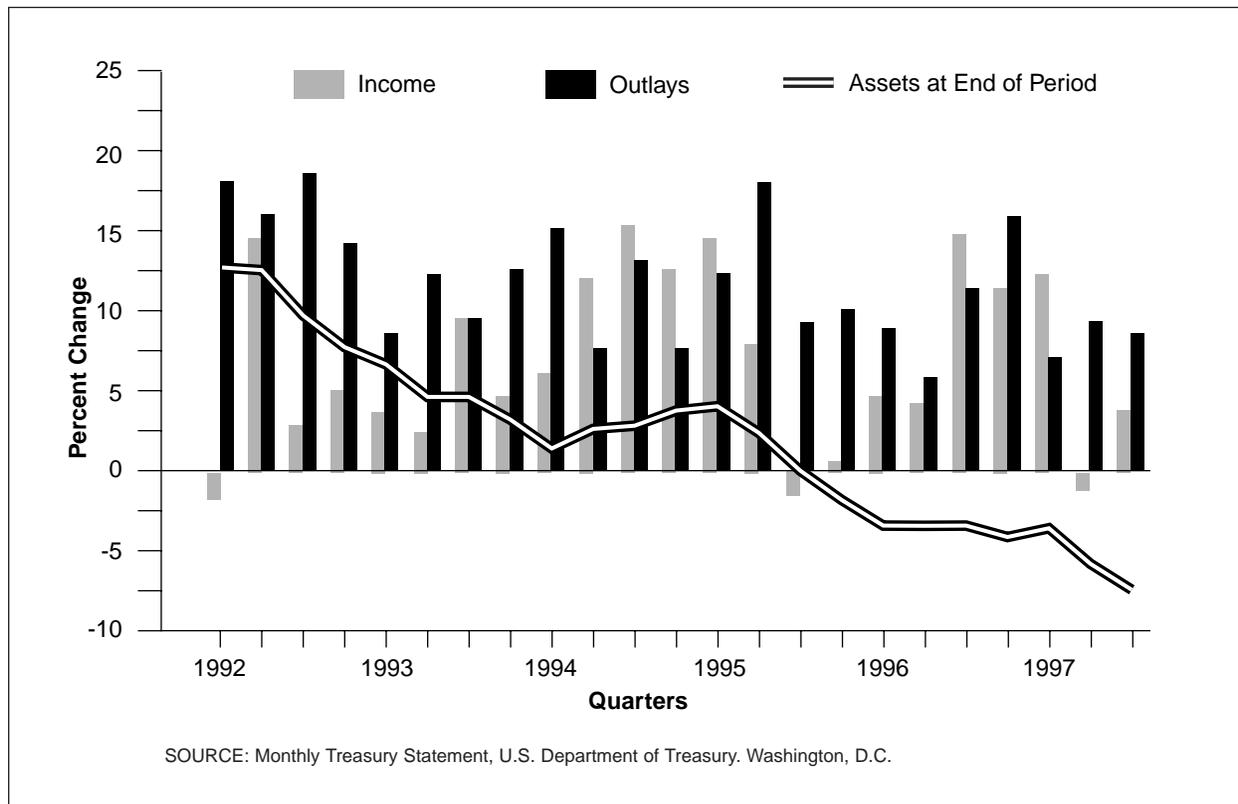
tors discussed in this article (essentially price and utilization series) because of the effects of the timing of payments into and from the trust funds. The primary sources of variation in the level of outlays are the number of business days in a quarter, the timing of payments usually made the first of a month that are made early when the first day is on a weekend or legal holiday, and seasonal variation in health care utilization and costs. The sources of variation in income flows generally result from the timing of payments made to the trust funds. The timing of payroll tax withholding, settlements on self-employment taxes, and premium, interest and general revenue payments to the funds are the primary sources of this variation.

Total Medicare outlays, the sum of Part A and Part B, were \$53.9 billion in the third

quarter of 1997. This 6.6-percent increase, measured from the same quarter of the previous year, is less than the 8.2-percent increase in total Medicare outlays in the second quarter of 1997. In comparison, total Medicare outlays increased 5.5 percent in the first quarter of 1997, and 13.0 percent in the fourth quarter of 1996, measured over the same period 1 year earlier.

Outlays for Medicare Part A increased 8.0 percent in the third quarter of 1997, less than the 9.8-percent increase found in second quarter 1997 and slightly higher than the 6.8-percent increase registered in the first quarter. Figure 6 illustrates the quarterly changes in the income and outlays of the Medicare HI Trust Fund, as well as the percentage change in the assets held by the fund at the end of each quarter. Generally speaking, the growth in outlays,

**Figure 6**  
**Medicare Hospital Insurance Trust Fund Income, Outlays, and Assets:**  
**Percent Change From Same Period of Previous Year: 1992-97**

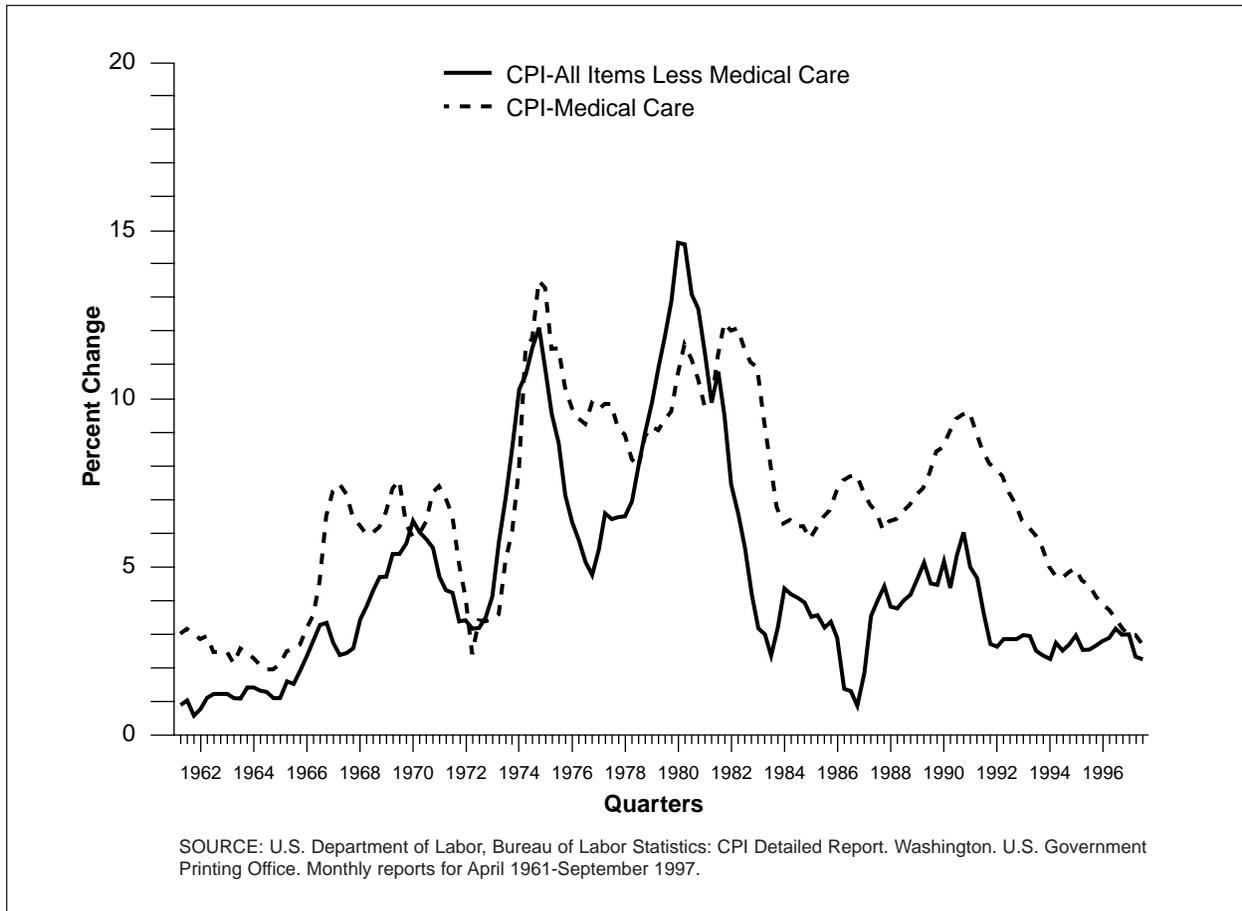


or benefits paid, has exceeded the growth in trust fund income in 17 of the last 23 quarters. The quarterly percentage change in HI trust fund assets held, measured from the same period in the previous year, reflects the declining asset balance beginning in the third quarter of 1995 and continuing through the third quarter of 1997. The decline in the HI trust fund assets balance had been expected and was reported in recent annual reports of the Trustees of the HI Trust Fund. The 1998 Trustees Report showed that in CY 1997, HI trust fund income increased 4.5 percent, with an increase in outlays of 7.3 percent. The change in the HI trust asset balance for CY 1997 is -\$9.3 billion, a decrease of 7.4 percent. Estimates based on the law

in effect prior to the Balanced Budget Act of 1997 (P.L. 105-33) using the intermediate assumptions detailed in the 1997 Trustees Report, indicated that the HI trust fund would be depleted in 2001. Estimates of the impact of the Balanced Budget Act in the 1998 Trustees Report show that depletion of the HI trust fund is now expected to occur in 2008.

Outlays for Part B increased 4.1 percent in the third quarter of 1997, measured from the same period 1 year earlier, after increasing 5.2 percent in the second quarter. Medicare volume performance standards (MVPS) were incorporated into the physician fee schedule in 1992. These standards, designed to control growth in Medicare physician and other professional

**Figure 7**  
**Percent Change in Consumer Price Indexes From the Same**  
**Period of Previous Year: 1961-97**



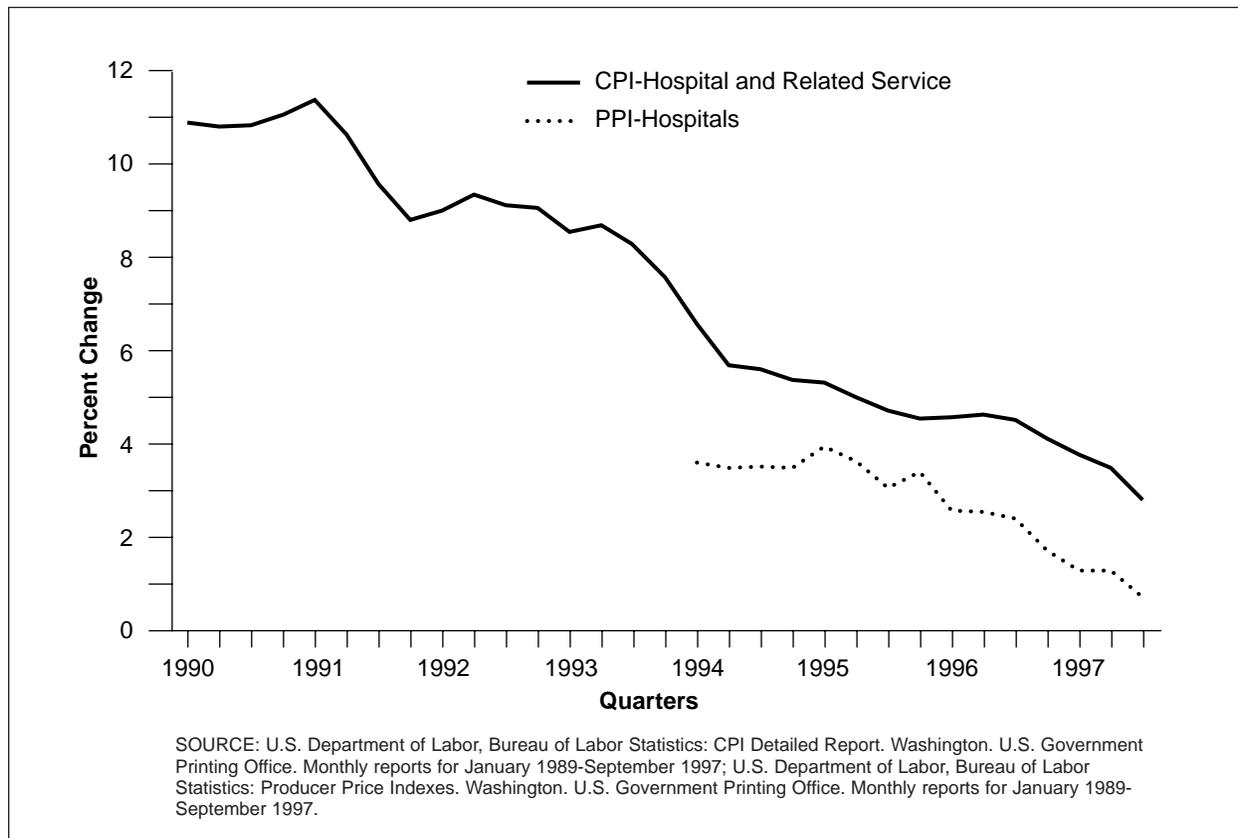
services, use performance in preceding years to set payment rates for the coming year. As a result, fee updates for services covered by the physician fee schedule were somewhat constrained for 1997.<sup>2</sup> Although the volume of services, as well as outlays for Part B benefits not covered by the physician fee schedule, will also affect Part B outlays for the rest of 1997, the price constraints imposed by the MVPS acted as a brake on Part B outlays for the remaining quarter of the 1997 calendar year. The gradual transfer of home health care services from Part A to Part B, mandated by the Balanced Budget Act, will affect Part B outlays in the future.

<sup>2</sup> The fee updates for 1997 were 1.9 percent, 2.5 percent, and -0.8 percent for surgery, primary care, and other services, respectively.

## MEDICAL SECTOR PRICES

The CPI for medical care grew just 2.6 percent in the third quarter of 1997 over the same quarter of the previous year, its lowest growth since the third quarter of 1972. As shown in Figure 7, this continues a pattern of decelerating growth that began in the first quarter of 1991. Over this period, the difference in growth between medical care consumer prices and overall consumer prices has narrowed, eventually converging in the fourth quarter of 1996. During 1997, medical care price growth fell from 3.1 percent to 2.6 percent, but declines in overall price growth less medical care from 3.1 percent to 2.2 percent were even more pronounced (Table 7).

**Figure 8**  
**Percent Change in Hospital Price Indexes From the Same**  
**Period of Previous Year: 1990-97**



The faster deceleration in overall price growth has been in large because of declining energy prices. The PPI also shows similar trends in medical and overall prices.

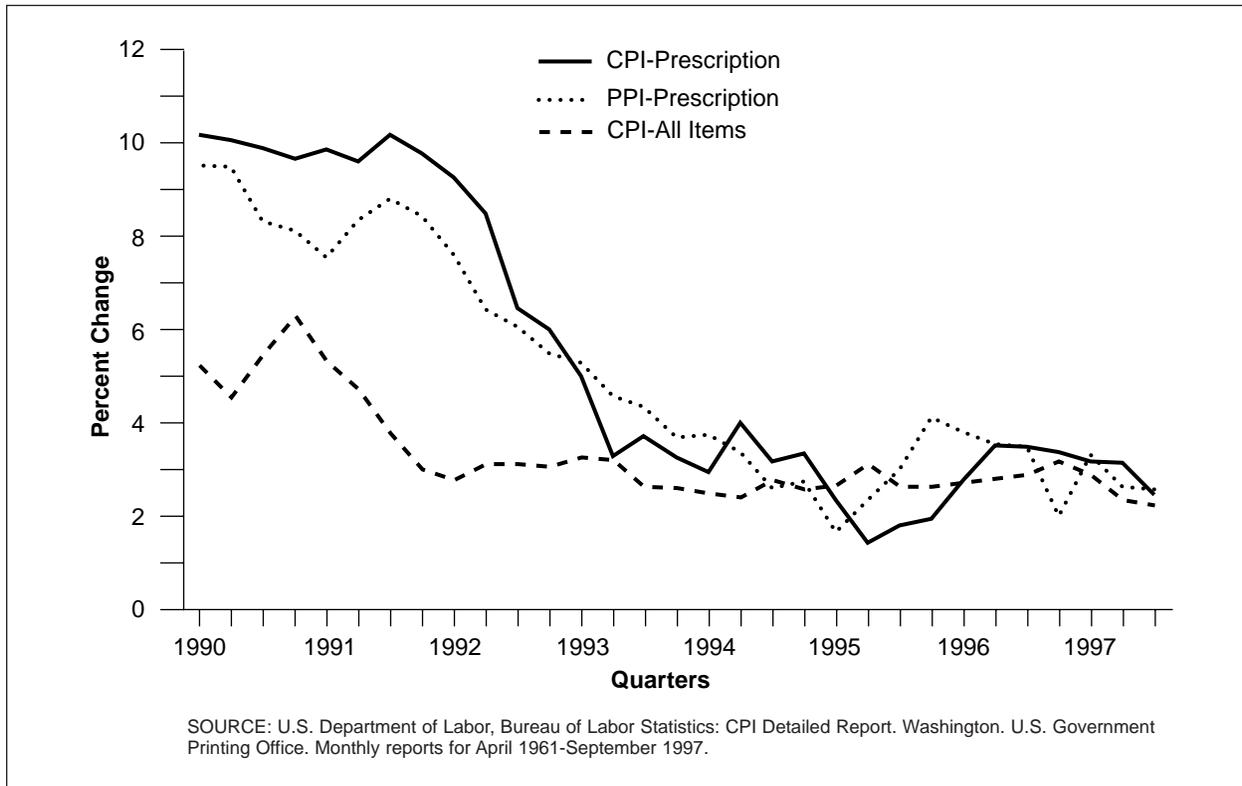
Much of the deceleration in medical care price growth has been caused by decelerating medical care services price growth, specifically in hospitals. The deceleration in hospital prices is apparent in both the CPI and PPI data, as indicated in Figure 8. The CPI for hospitals and related services grew 2.9 percent in the third quarter of 1997, the lowest growth ever. Some of the deceleration in hospital price growth can be traced to outpatient hospital prices, which decelerated from 5.4-percent growth in the third quarter of 1996 to 4.1-percent growth in the third quarter of 1997. The deceleration in hospital price growth in 1997 could also be caused in part by the

methodological revision to hospital services that took effect in January 1997. This revision involved redefining the hospital item from a hospital service to an entire hospital visit (admission, outpatient visit, or movement from one to the other) and implementing new data collection procedures.<sup>3</sup> It is unclear how much of an impact this revision has had on the index.

The same decelerating trend in hospital price growth is also apparent in the PPI. This suggests that at least some of the slower growth is real because no methodological revision was introduced into the PPI during 1997. The PPI for hospital services also grew at an all-time low rate in the third quarter of 1997, increasing just 0.8

<sup>3</sup> A detailed description of the revision is available in an article by Elaine Cardenas, "Revision of the CPI Hospital Services Component" in the December 1996 *Monthly Labor Review*.

**Figure 9**  
**Percent Change in Prescription drug Price Indexes From the Same**  
**Period of Previous Year: 1990-97**



percent. This deceleration was also in part because of decelerating outpatient price growth, which grew by 0.5 percent in the third quarter of 1997, a reduction of 1.4 percentage points from the third quarter 1996 growth rate.

Prescription drug price growth has also decelerated during the past year, according to both the CPI and PPI. Growth in the CPI for prescription drugs has decelerated from 3.6 percent in the second quarter of 1996 to 2.4 percent in the third quarter of 1997. Similarly, the PPI for prescription drugs decelerated from 3.6 percent to 2.5-percent growth over the same period. This deceleration follows a period during which drug prices accelerated after having grown slower than overall prices for a few quarters. The recent slowdown coincides with a slowdown in overall price growth. As shown in Figure 9, prescription drug price

growth has been near overall price growth since 1993. It was at this time that prescription drug companies self-imposed price increases to only 1.0 percentage points above the increase in the overall CPI. These companies enacted this strategy in response to political and public pressures aimed at curbing the fast growth in prescription drug prices, as the period between 1990-93 indicates.

**BACKGROUND INFORMATION ON DATA SOURCES AND METHODS**

**Community Hospital Statistics**

Since 1963, the AHA, in cooperation with member hospitals, has been collecting data on the operation of community hospitals through its National Hospital Panel Survey. Community hospitals, which comprised

more than 80 percent of all hospital facilities in the United States in 1996, include all non-Federal, short-term general, and other special hospitals open to the public. They exclude hospital units of institutions; psychiatric facilities; tuberculosis, other respiratory, and chronic disease hospitals; institutions for the mentally retarded; and alcohol and chemical dependency hospitals.

The survey samples approximately one-third of all U.S. community hospitals. The sample is designed to produce estimates of community hospital indicators by bed size and region (American Hospital Association, 1963-97). In Tables 1 and 2, statistics covering expenses, utilization, beds, and personnel depict trends in the operation of community hospitals annually for 1988-96 and quarterly for 1994 forward.

For purposes of national health expenditures (NHE), survey statistics on revenues are analyzed in estimating the growth in the largest component of health care costs—community hospital expenditures. This one segment of NHE accounted for 35 percent of all health spending in 1996 (Levit et al., 1997). The survey also identifies important factors influencing expenditure growth patterns, such as changes in the number of beds in operation, numbers of admissions, length of stay, use of outpatient facilities, and number of surgeries.

### **Medicare Trust Fund Operations**

Separate trust funds finance the operations of the two parts of the Medicare program. The HI program, or Medicare Part A, helps pay for inpatient hospital, home health, skilled nursing facility, and hospice care for the aged and disabled. It is financed primarily by payroll taxes paid by workers and employers. The taxes paid each year are used mainly to pay benefits for current beneficiaries. The SMI program, or Medicare Part B, pays for physician,

outpatient hospital, and other services for the aged and disabled. The SMI program is financed primarily by transfers from the general fund of the U.S. Treasury and by monthly premiums paid by beneficiaries. For both Medicare programs, income not currently needed to pay benefits and related expenses is held in the HI and SMI trust funds and invested in U.S. Treasury securities. (The 1998 Annual Report of the Board of Trustees of the Federal Hospital Insurance Trust Fund; The 1998 Annual Report of the Board of Trustees of the Federal Supplementary Medical Insurance Trust Funds).

Data on the financial operations of the Medicare trust funds, the HI trust fund and the SMI trust fund are available from two sources. The monthly statistics on trust fund operations are published in the Monthly Treasury Statement of Receipts and Outlays of the United States Government (U.S. Department of the Treasury, 1997). The trust fund operating statistics are presented in Table 8: Trust Fund Impact on Budget Results and Investment Holding. The 1998 Annual Reports of the Board of Trustees of the HI and SMI Trust Funds (Board of Trustees) contain a detailed accounting of all financial operations for the prior fiscal year. The reports also contain actuarial analysis of the expected operations of the trust funds in future years and analysis of the actuarial status of the funds.

### **Private Health Sector: Employment, Hours and Earnings**

The Bureau of Labor Statistics (BLS) collects monthly information on employment for all workers, and employment, earnings, and work hours for nonsupervisory workers in a sample of approximately 330,000 establishments. Data are collected through cooperative agreements with State

agencies that also use this information to create State and local area statistics. The survey is designed to collect industry-specific information on wage and salary jobs in nonagricultural industries. It excludes statistics on self-employed persons and on those employed in the military (U.S. Department of Labor, 1997).

Employment in this survey is defined as number of jobs. Persons holding multiple jobs would be counted multiple times. Approximately 5 percent of the population hold more than one job at any one time. (Other surveys that are household-based, such as the Current Population Survey [CPS], also record employment. In the CPS, however, each person's employment status is counted only once, as either employed, unemployed, or not in the labor force, which includes discouraged workers.) Once each year, monthly establishment-based employment statistics are adjusted to benchmarks created from annual establishment census information, resulting in revisions to previously published employment estimates. Tables 4, 5, and 6 present statistics on employment, employment, average weekly hours and average hourly earnings for the private nonfarm business sector and industries in health services.

### **National Economic Indicators**

National economic indicators provide a context for understanding health-specific indicators and how change in the health sector relates to change in the economy as a whole. Table 7 presents national indicators of output and inflation.

Gross domestic product (GDP) measures the output of U.S. economy as the market value of goods and services produced within the geographic boundaries of the United States by U.S. or foreign citizens or companies. Constant dollar or real

GDP removes the effects of price changes from the valuation of goods and services produced, so that the growth of real GDP reflects changes in the physical quantity of the output of the economy. In the most recent comprehensive revision of the National Income and Product Accounts the method for removing the effects of price changes was altered. The GDP estimates are now deflated using chain-weighted price indexes. This method replaces the previous fixed-weighted method of deflating the GDP estimates (U.S. Department of Commerce, 1996).

## **PRICES**

### **Consumer Price Indexes**

BLS publishes monthly information on changes in prices paid by consumers for a fixed market basket of goods and services. Tables 7, 8, and 9 present information on the all urban CPI that measures changes in prices faced by 80 percent of the non-institutionalized population in the United States. (The more restrictive wage earner CPI gauges prices faced by wage earners and clerical workers. These workers account for approximately 32 percent of the non-institutionalized population [U.S. Department of Labor, 1997].)

The index reflects changes in prices charged for the same quality and quantity of goods or services purchased in the base period. For most items, the base period of 1982-84 is used to define the share of consumer expenditures purchasing specific services and products. Those shares or weights remain constant in all years, even though consumption patterns of the household may change over time. This type of index is called a fixed weight or Laspeyres index.

CPIs for health care goods and services depict list price changes for out-of-pocket

expenditures. The CPI for medical care services also includes an indirect measure of price change for health insurance coverage purchased directly by consumers. The composite CPI for medical care weights together product-specific or service-specific CPIs in proportion to household out-of-pocket expenditures for these items. In addition, some medical care sector indexes measure changes in list or charged prices, rather than in prices actually received by providers after discounts are deducted. In several health care areas, received or transaction prices are difficult to capture, although BLS is making advances in this area.

In the NHE, a combination of CPIs for selected medical care items, input price indexes for nursing homes, and the Producer Price Index (PPI) for hospitals are used as measures of inflation for the health industry. The indexes are used to develop a chain weighted price index for personal health care to depict price changes affecting the entire health care industry more accurately than does the overall CPI medical care index (Levit, et al, 1995).

### **Producer Price Indexes**

BLS produces monthly information on average changes in selling prices received by domestic producers for their output. These prices are presented in Tables 7, 8, and 9 as the PPI. The index is designed to measure transaction prices, and is different from the CPI, which in some cases measures list or full charge prices. The PPI is a fixed-weight or Laspeyres index, with base period weights determined by values of receipts. The base period varies among series.

The PPI consists of indexes in several major classification structures, including the industry and commodity classifications that are included in the Health Care

Indicators. The PPI by industry classification measures price changes received for the industry's output sold outside the industry. PPI changes for an industry are determined by price changes for products primarily made by establishments in that industry. The industry into which an establishment is classified is determined by those products accounting for the largest share of its total value of shipments. The PPI by commodity classification measures price changes of the end product (end use or material composition). The classification system for PPI commodity groups is unique to the PPI, and is divided into fifteen major commodity groupings.

Although PPIs for medical commodities have existed for many years, PPIs for health service industries are relatively new. Most index series began in 1994, and the index series for the composite health services industry does not begin until December 1994. However, the PPI for hospitals began in December 1992, providing enough data for a useful time series. The PPI for hospitals is a measure of transaction prices, or net prices received by the producer from out-of-pocket, Medicare, Medicaid, and private third party payor sources. The PPI for hospitals should not be compared with the CPI for hospital and related services. Although other PPI and CPI series are somewhat comparable (for example, the PPI-Offices and Clinics of Doctors of Medicine and the CPI-Physicians' Services), the PPI and CPI for hospitals have important differences in survey scope and methodology. The PPI for hospitals measures price changes for the entire treatment path, measures net transaction price, includes Medicare and Medicaid, samples both urban and rural hospitals, and reflects total hospital revenue from all sources in its index weights. On the other hand, the CPI for hospitals measures price changes for a discrete sam-

ple of hospital services singly, measures published charges, excludes Medicare and Medicaid, samples only urban hospitals, and reflects only consumer out-of-pocket expenses and household health insurance premium payments in its index weights. These differences make a direct comparison between the PPI and CPI hospital services indexes inappropriate.

The PPI for the health services industry is available by detailed industry groupings. For example, general medical and surgical hospitals consist of inpatient and outpatient treatments, which in turn consist of Medicare, Medicaid, and all other patients. These patient categories consist of more detail, such as DRG groupings for Medicare. While most of the data used to measure PPI price changes for health services are collected through a sample, there are specific instances where data are collected from both a sample and from price changes in Federal Regulation. This is the case for Medicare hospital inpatient services and Medicare offices and clinics of doctors of medicine. The producer price changes in Medicare hospital inpatient services are computed from a combination of a national sample of DRGs in hospitals, DRG relative weights from the PPS final rules published in the current and historical year and other adjustments. The producer price changes in Medicare offices of doctors of medicine are computed from a combination of a geographic area sample of payments under the HCFA Common Procedure Coding System (HCPCS), HCPCS updates from the November 22, 1996, Federal Register, and other adjustments. Because of different methodologies, these two Medicare PPIs are not comparable to the national updates computed by HCFA and published in the Federal Register.

## **Input Price Indexes**

In 1979, HCFA developed the Medicare hospital input price index (hospital market basket) which was designed to measure the pure price changes associated with expenditure changes for hospital services. In the early 1980s, the skilled nursing facility (SNF) and home health agency (HHA) input price indexes, often referred to as "market baskets," were developed to price a consistent set of goods and services over time. Also in the early 1980s, the original Medicare hospital input price index was revised for use in updating payment rates for routine costs of Medicare inpatient services. All of these indexes have played an important role in helping to set Medicare payment percent increases, and in understanding the contribution of input price increases to growing health expenditures.

The input price indexes, or market baskets, are Laspeyres or fixed-weight indexes that are constructed in two steps. First, a base period is selected. For example, for the PPS hospital input price index, the base period is 1992. Cost categories, such as food, fuel, and labor, are identified and their 1992 expenditure amounts determined. The proportion or share of total expenditures included in specific spending categories is calculated. These proportions are called cost or expenditure weights. There are 26 expenditure categories in the 1992-based PPS hospital input price index.

Second, a price proxy is selected to match each expenditure category. Its purpose is to measure the rate of price increases of the goods or services in that category. The price proxy index for each spending category is multiplied by the expenditure weight for the category. The sum of these products (weights multiplied by the price index) over all cost categories yields

the composite input price index for any given time period, usually a fiscal year or a calendar year. The percent change in the input price index is an estimate of price change over time for a fixed quantity of goods and services purchased by a provider.

The input price indexes are estimated on a historical basis and forecasted out several years. The HCFA-chosen price proxies are forecasted under contract with Standard and Poor's/DRI (Data Resources Incorporated). Following every calendar year quarter, in March, June, September, and December, DRI updates its macroeconomic forecasts of wages and prices based on updated historical information and revised forecast assumptions. Some of the data in Tables 10-12 are forecasted and are expected to change as more recent historical data become available and subsequent quarterly forecasts are revised. The methodology and price proxy definitions used in the input price indexes are described in the Federal Register notices that accompany the revisions of the PPS, HHA, and SNF cost limits. A description of the current structure of the PPS input price index and the most recent PPS update for payment rates was published in the August 29, 1997, Federal Register. The latest HHA regulatory input price index was published in the July 1, 1996, Federal Register, and the latest SNF input price index was published in the October 7, 1992, Federal Register (also see the June 6, 1994, Federal Register).

Periodically, the input price indexes are revised to a new base year so that cost weights will reflect changes in the mix of goods and services that are purchased. Each revision allows for new base weights, a new base year, and changes to certain price variables used for price proxies.

Each input price index is presented in a table with both an index level and a 4-quarter moving-average percent change. The

hospital input price index for PPS is in Table 10, the SNF input price index is in Table 11, and the HHA input price index is in Table 12.

### **Medicare Economic Index**

In 1972, Congress mandated the development of the Medicare Economic Index (MEI) to measure the changes in costs of physicians' time and operating expenses. The input price change measured by the MEI is considered in connection with the update factor for the Medicare Part B physician fee schedule under the Resource-Based Relative Value Scale (RBRVS) (November 22, 1996, Federal Register), or is used as an advisory indicator by Congress in updating the fee schedule. The MEI is a fixed-weighted sum of annual price changes for various inputs needed to produce physicians' services with an offset for productivity increases. Like a traditional Laspeyres index, the MEI is constructed in two steps. First, a base period is selected (1989 for the MEI), cost categories are identified, and the 1989 expenditure shares by cost category are determined. Second, price proxies are selected to match each relative expenditure category. These proxies are weighted by the category weight determined from expenditure amounts, and summed to produce the composite MEI. Unlike a traditional Laspeyres index, the compensation portion of the MEI is adjusted for productivity so economy-wide productivity and physician practice productivity are not both included in the update, which would result in a double counting of productivity.

Forecasts of the MEI are made periodically throughout the fiscal year by Standard and Poor's/DRI for HCFA using several different sets of economic assumptions. Standard and Poor's/DRI produces 4 main forecasts of the MEI: a Presidential

budget forecast in December and the Mid-session Review in June based on assumptions for the Federal budget exercises, the Medicare Trustees Report forecast in February based on assumptions by the Medicare Trustees, and the Medicare Premium Promulgation forecast in August based on baseline assumptions by Standard and Poor's/DRI. Standard and Poor's/DRI also produces forecasts of the MEI using their own economic assumptions forecast. The forecasts based on Standard and Poor's/DRI assumptions are presented in Health Care Indicators. Much of the forecasted data changes as more recent historical data becomes available and the assumptions change.

The methodology, weights, and price proxy definitions used in the MEI are described in the November 25, 1992, Federal Register. The MEI data are presented in Table 13 as index levels and 4-quarter moving average percent changes.

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**Table 1**  
**Selected Community Hospital Statistics: 1993-97**

Item	Calendar Year				1994	1994	1995	1995
	1993	1994	1995	1996	Q3	Q4	Q1	Q2
<b>Utilization</b>								
<b>All Ages</b>								
Admissions in Thousands	32,652	32,938	33,389	33,268	8,154	8,236	8,634	8,281
Admissions Per 1,000 Population <sup>1</sup>	122	122	122	121	121	122	127	122
Inpatient Days in Thousands	202,078	196,117	190,377	183,495	47,657	48,102	50,377	47,296
Adult Length of Stay in Days	6.2	6.0	5.7	5.5	5.8	5.8	5.8	5.7
<b>65 Years of Age or Over</b>								
Admissions in Thousands	12,209	12,456	12,820	12,870	3,022	3,125	3,379	3,187
Admissions Per 1,000 Population <sup>1</sup>	366	369	375	373	357	368	397	374
Inpatient Days in Thousands	97,042	94,877	91,164	86,431	22,631	23,203	24,778	22,823
Adult Length of Stay in Days	7.9	7.6	7.1	6.7	7.5	7.4	7.3	7.2
<b>Under 65 Years of Age</b>								
Admissions in Thousands	20,443	20,483	20,569	20,398	5,132	5,111	5,255	5,094
Admissions Per 1,000 Population <sup>1</sup>	87	87	86	85	87	86	88	86
Inpatient Days in Thousands	105,036	101,240	99,213	97,064	25,027	24,899	25,598	24,472
Adult Length of Stay in Days	5.1	4.9	4.8	4.8	4.9	4.9	4.9	4.8
Surgical Operations in Thousands	22,710	23,286	23,739	24,165	5,840	5,918	6,028	5,965
Outpatient Visits in Thousands	390,188	417,684	452,558	481,298	107,022	108,241	111,088	113,699
Adjusted Patient Days in Thousands <sup>2</sup>	278,938	276,209	273,638	270,023	67,711	68,363	71,226	68,146
Beds in Thousands	902	891	874	854	888	886	881	877
Adult Occupancy Rate <sup>3</sup>	61.4	60.3	59.7	58.7	58.3	59.0	63.5	59.3
<b>Total Revenues</b>								
Total Hospital Revenues in Millions <sup>4</sup>	\$295,035	\$309,354	\$324,961	\$338,118	\$77,069	\$78,976	\$81,793	\$81,020
Total Patient Revenues in Millions	280,414	293,285	307,228	318,183	73,018	74,697	77,476	76,557
Inpatient Revenues in Millions	203,167	208,262	213,771	216,242	51,393	52,559	54,797	53,133
Outpatient Revenues in Millions	77,248	85,023	93,457	101,941	21,625	22,138	22,679	23,424
<b>Total Expenses</b>								
Total Hospital Expenses in Millions	\$278,880	\$292,801	\$308,411	\$320,789	\$73,468	\$75,039	\$76,259	\$76,751
Labor in Millions	149,733	156,826	163,842	168,796	39,408	40,170	40,529	40,768
Non-Labor in Millions	129,147	135,975	144,569	151,993	34,059	34,869	35,730	35,983
<b>Inpatient Expense</b>								
Inpatient Expense in Millions <sup>5</sup>	\$202,035	\$207,897	\$214,570	\$217,994	\$51,709	\$52,800	\$53,936	\$53,268
Amount per Patient Day	1,000	1,060	1,127	1,188	\$51,709	\$52,800	1,071	1,126
Amount per Admission	6,188	6,312	6,426	6,553	6,341	6,411	6,247	6,432
<b>Outpatient Expense</b>								
Outpatient Expense in Millions <sup>5</sup>	\$76,845	\$84,903	\$93,841	\$102,796	\$21,758	\$22,239	\$22,323	\$23,483
Amount per Outpatient Visit	197	203	207	214	203	205	201	207

<sup>1</sup>Admissions per 1,000 population is calculated using population estimates prepared by the Social Security Administration.

<sup>2</sup>Adjusted patient days is an aggregate figure reflecting the number of days of inpatient care, plus an estimate of the volume of outpatient services, expressed in units equivalent to an inpatient day in terms of level of effort. It is derived by multiplying the number of outpatient visits by the ratio of outpatient revenue per outpatient visit to inpatient revenue per inpatient day, and adding the product to the number of inpatient days.

<sup>3</sup>The adult occupancy rate is calculated by the Office of National Health Statistics. The AHA does not publish this statistic. Adult occupancy rate is the ratio of average daily census to average number of beds maintained during the reporting period.

<sup>4</sup>Total hospital revenue is the sum of total patient revenue and all other operating revenue. Total patient revenue is the sum of inpatient revenue and outpatient revenue.

<sup>5</sup>Inpatient Expense and Outpatient Expense are calculated by the Office of National Health Statistics. These statistics are calculated by applying the ratio of inpatient or outpatient revenue to total patient revenue multiplied by total hospital expenses.

NOTES: Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCE: American Hospital Association; Trend Analysis Group: National Hospital Panel Survey Reports. Chicago. Monthly reports for January 1993-September 1997.

**Table 1—Continued**  
**Selected Community Hospital Statistics: 1993-97**

1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3
8,213	8,260	8,511	8,267	8,159	8,331	8,500	8,342	8,265
120	121	124	120	119	121	123	120	119
46,239	46,467	48,051	45,532	44,349	45,563	47,177	45,177	44,193
5.6	5.6	5.6	5.5	5.4	5.5	5.5	5.4	5.3
3,071	3,184	3,324	3,204	3,090	3,252	3,374	3,253	3,173
359	371	387	372	358	376	389	375	365
21,507	22,056	22,972	21,445	20,448	21,566	22,661	21,179	20,431
7.0	6.9	6.9	6.7	6.6	6.6	6.7	6.5	6.4
5,143	5,077	5,187	5,063	5,070	5,078	5,126	5,089	5,092
86	85	87	84	84	84	85	84	84
24,732	24,411	25,078	24,087	23,902	23,997	24,516	23,999	23,762
4.8	4.8	4.8	4.8	4.7	4.7	4.8	4.7	4.7
5,832	5,915	5,948	6,087	6,028	6,102	6,047	6,245	6,197
113,332	114,438	116,335	119,874	122,232	122,857	123,270	127,607	128,285
67,079	67,106	69,232	67,394	66,247	67,087	70,050	68,813	68,258
871	867	862	859	849	844	842	832	829
57.7	58.2	61.2	58.3	56.8	58.7	62.3	59.7	57.9
\$80,307	\$81,842	\$84,280	\$84,396	\$83,449	\$85,993	\$86,941	\$87,073	\$87,092
75,956	77,238	79,710	79,349	78,461	80,664	81,998	81,781	81,441
52,358	53,483	55,322	53,609	52,526	54,784	55,223	53,692	52,728
23,599	23,755	24,387	25,740	25,934	25,880	26,774	28,090	28,713
\$76,808	\$78,594	\$79,361	\$79,958	\$79,593	\$81,877	\$82,092	\$82,694	\$82,835
40,857	41,688	41,873	41,935	41,925	43,063	42,888	42,958	43,326
35,951	36,906	37,488	38,023	37,668	38,814	39,204	39,735	39,509
\$52,945	\$54,421	\$55,081	\$54,020	\$53,284	\$55,608	\$55,287	\$54,291	53,631
1,145	1,171	1,146	1,186	1,201	1,220	1,172	1,202	1,214
6,446	6,588	6,472	6,534	6,530	6,675	6,504	6,508	6,489
\$23,863	\$24,172	\$24,281	\$25,937	\$26,309	\$26,269	\$26,805	\$28,403	\$29,204
211	211	209	216	215	214	217	223	228

**Table 2**  
**Percent Change in Selected Community Hospital Statistics: 1993-97**

Item	Calendar Year				1994	1994	1995	1995
	1993	1994	1995	1996	Q3	Q4	Q1	Q2
<b>Utilization</b>								
<b>All Ages</b>								
Admissions in Thousands	0.7	0.9	1.4	-0.4	0.9	1.3	3.2	1.2
Admissions Per 1,000 Population	-0.3	-0.1	0.5	-1.3	-0.1	0.3	2.2	0.3
Inpatient Days in Thousands	-2.1	-2.9	-2.9	-3.6	-2.9	-3.0	-2.6	-2.8
Adult Length of Stay in Days	-2.8	-3.8	-4.2	-3.3	-3.8	-4.3	-5.6	-4.0
<b>65 Years of Age or Over</b>								
Admissions in Thousands	2.9	2.0	2.9	0.4	2.6	1.3	5.2	2.9
Admissions Per 1,000 Population	1.5	0.8	1.8	-0.6	1.5	0.1	4.1	1.7
Inpatient Days in Thousands	-1.9	-2.2	-3.9	-5.2	-1.6	-3.1	-3.0	-2.9
Adult Length of Stay in Days	-4.7	-4.2	-6.6	-5.6	-4.1	-4.4	-7.8	-5.6
<b>Under 65 Years of Age</b>								
Admissions in Thousands	-0.5	0.2	0.4	-0.8	-0.1	1.3	1.9	0.2
Admissions Per 1,000 Population	-1.5	-0.7	-0.5	-1.7	-1.0	0.4	1.0	-0.6
Inpatient Days in Thousands	-2.3	-3.6	-2.0	-2.2	-4.1	-2.9	-2.1	-2.7
Adult Length of Stay in Days	-1.8	-3.8	-2.4	-1.3	-4.0	-4.2	-4.0	-3.0
Surgical Operations in Thousands	1.1	2.5	1.9	1.8	2.9	4.5	6.4	1.7
Outpatient Visits in Thousands	6.5	7.0	8.3	6.4	7.9	9.7	13.0	9.2
Adjusted Patient Days in Thousands	-0.9	-1.0	-0.9	-1.3	-0.9	-0.7	0.0	-0.9
Beds in Thousands	-0.7	-1.2	-1.8	-2.4	-1.4	-1.2	-1.5	-1.8
Adult Occupancy Rate <sup>1</sup>	-0.7	-1.1	-0.7	-0.9	-0.9	-1.1	-0.7	-0.6
<b>Total Hospital Revenues in Millions</b>								
Total Patient Revenues in Millions	7.1	4.9	5.0	4.0	4.6	6.0	6.9	5.5
Total Patient Revenues in Millions	7.0	4.6	4.8	3.6	4.3	5.6	6.6	5.1
Inpatient Revenues in Millions	5.7	2.5	2.6	1.2	2.2	3.2	3.8	3.1
Outpatient Revenues in Millions	10.6	10.1	9.9	9.1	9.6	12.0	13.8	9.8
<b>Operating Expenses</b>								
<b>Total in Millions</b>								
Total in Millions	6.9	5.0	5.3	4.0	5.0	5.5	6.4	5.7
Labor in Millions	6.9	4.7	4.5	3.0	4.9	5.4	5.5	5.0
Non-Labor in Millions	6.8	5.3	6.3	5.1	5.0	5.7	7.4	6.5
<b>Inpatient Expense in Millions</b>								
Inpatient Expense in Millions	5.6	2.9	3.2	1.6	2.9	3.1	3.7	3.7
Amount per Patient Day	7.8	6.0	6.3	5.4	5.9	6.3	6.4	6.7
Amount per Admission	4.8	2.0	1.8	2.0	2.0	1.8	0.5	2.4
<b>Outpatient Expense</b>								
Outpatient Expense	10.4	10.5	10.5	9.5	10.3	11.9	13.6	10.5
Amount per Outpatient Visit	3.6	3.2	2.0	3.0	2.2	2.0	0.5	1.1

<sup>1</sup>Change in rate, rather than percent change.

NOTES: Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCE: American Hospital Association; Trend Analysis Group: National Hospital Panel Survey Reports. Chicago. Monthly reports for January 1993- September 1997.

**Table 2—Continued**  
**Percent Change in Selected Community Hospital Statistics: 1993-97**

1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3
Percent Change From the Same Period of Previous Year								
0.7	0.3	-1.4	-0.2	-0.7	0.9	-0.1	0.9	1.3
-0.2	-0.6	-2.3	-1.1	-1.5	-0.1	-1.0	0.0	0.4
-3.0	-3.4	-4.6	-3.7	-4.1	-1.9	-1.8	-0.8	-0.4
-3.7	-3.7	-3.2	-3.6	-3.5	-2.8	-1.7	-1.7	-1.6
1.6	1.9	-1.6	0.5	0.6	2.2	1.5	1.5	2.7
0.5	0.8	-2.7	-0.5	-0.3	1.2	0.7	0.7	1.9
-5.0	-4.9	-7.3	-6.0	-4.9	-2.2	-1.4	-1.2	-0.1
-6.5	-6.7	-5.8	-6.5	-5.5	-4.3	-2.8	-2.7	-2.7
0.2	-0.7	-1.3	-0.6	-1.4	0.0	-1.2	0.5	0.4
-0.7	-1.5	-2.2	-1.5	-2.3	-0.9	-2.1	-0.4	-0.5
-1.2	-2.0	-2.0	-1.6	-3.4	-1.7	-2.2	-0.4	-0.6
-1.4	-1.3	-0.7	-1.0	-2.0	-1.7	-1.1	-0.9	-1.0
-0.1	-0.1	-1.3	2.1	3.4	3.2	1.7	2.6	2.8
5.9	5.7	4.7	5.4	7.9	7.4	6.0	6.5	5.0
-0.9	-1.8	-2.8	-1.1	-1.2	0.0	1.2	2.1	3.0
-1.9	-2.1	-2.1	-2.1	-2.6	-2.6	-2.4	-3.1	-2.3
-0.6	-0.8	-2.3	-1.0	-0.9	0.4	1.0	1.4	1.1
4.2	3.6	3.0	4.2	3.9	5.1	3.2	3.2	4.4
4.0	3.4	2.9	3.6	3.3	4.4	2.9	3.1	3.8
1.9	1.8	1.0	0.9	0.3	2.4	-0.2	0.2	0.4
9.1	7.3	7.5	9.9	9.9	8.9	9.8	9.1	10.7
4.5	4.7	4.1	4.2	3.6	4.2	3.4	3.4	4.1
3.7	3.8	3.3	2.9	2.6	3.3	2.4	2.4	3.3
5.6	5.8	4.9	5.7	4.8	5.2	4.6	4.5	4.9
2.4	3.1	2.1	1.4	0.6	2.2	0.4	0.5	0.6
5.5	6.7	7.1	5.3	4.9	4.2	2.2	1.3	1.0
1.7	2.8	3.6	1.6	1.3	1.3	0.5	-0.4	-0.6
9.7	8.7	8.8	10.5	10.2	8.7	10.4	9.5	11.0
3.6	2.8	3.9	4.8	2.2	1.2	4.2	2.9	5.8

**Table 3**  
**Hospital Insurance and Supplementary Medical Insurance**  
**Trust Fund Operations: 1993-97**

Indicator	Calendar Year				1994	1994	1995	1995	1995
	1993	1994	1995	1996	Q3	Q4	Q1	Q2	Q3
<b>Total Medicare Outlays</b>									
In Millions of Dollars	\$152,174	\$164,862	\$184,203	\$200,337	\$42,761	\$42,459	\$44,352	\$46,725	\$46,559
Hospital Insurance Trust Fund	94,391	104,545	117,604	129,929	26,618	26,533	28,638	30,513	29,199
Supplementary Medical Insurance Trust Fund	57,783	60,317	66,599	70,408	16,143	15,926	15,714	16,212	17,361
<b>Hospital Insurance Trust Fund</b>									
Operations:									
In Millions of Dollars									
Income	\$98,187	\$109,570	\$115,027	\$124,603	\$24,547	\$29,821	\$25,215	\$35,570	\$24,241
Outlays	94,391	104,545	117,604	129,929	26,618	26,533	28,638	30,513	29,199
Difference	3,796	5,025	(2,577)	(5,325)	(2,071)	3,288	(3,423)	5,057	(4,958)
Assets at End of Period <sup>1</sup>	127,818	132,844	130,267	124,942	129,555	132,844	129,420	134,477	129,520
<b>Supplementary Medical Insurance Trust Fund</b>									
Operations: In Millions of Dollars									
Income	\$57,679	\$55,608	\$60,306	\$85,609	\$13,491	\$14,430	\$16,478	\$17,189	\$10,072
Outlays	57,783	60,317	66,599	70,408	16,143	15,926	15,714	16,212	17,361
Difference	(104)	(4,709)	(6,293)	15,202	(2,651)	(1,496)	764	977	(7,288)
Assets at End of Period <sup>1</sup>	24,131	19,422	13,130	28,332	20,919	19,422	20,186	21,163	13,874
Percent change from the same									
Annual Percent Change Period of Previous Year									
<b>Total Medicare Outlays</b>	12.0	8.3	11.7	8.8	12.4	5.9	13.3	15.3	8.9
Hospital Insurance Trust Fund	11.0	10.8	12.5	10.5	13.2	7.2	12.5	17.6	9.7
Supplementary Medical Insurance Trust Fund	13.7	4.4	10.4	5.7	11.2	3.9	14.9	11.3	7.5
<b>Hospital Insurance Trust Fund</b>									
Operations									
Income	4.6	11.6	5.0	8.3	15.1	12.8	14.4	7.3	-1.2
Outlays	11.0	10.8	12.5	10.5	13.2	7.2	12.5	17.6	9.7
Assets at End of Period	3.1	3.9	-1.9	-4.1	2.7	3.9	4.0	2.2	0.0
<b>Supplementary Medical Insurance Trust Fund</b>									
Operations									
Income	0.8	-3.6	8.5	42.0	-9.6	-10.9	23.9	19.5	-25.3
Outlays	13.7	4.4	10.4	5.7	11.2	3.9	14.9	11.3	7.5
Assets at End of Period	-0.4	-19.5	-32.4	115.8	-10.1	-19.5	-15.0	-10.2	-33.7

<sup>1</sup>As shown in the Monthly Treasury Statement. Excludes undisbursed balance.

NOTES: Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCES: Monthly Treasury Statement of Receipts and Outlays of the United States Government. Financial Management Service, U.S. Department of the Treasury. 1997 Annual Reports of the Board of Trustees of the HI and SMI Trust Funds. Office of the Actuary, Health Care Financing Administration."

**Table 3—Continued**  
**Hospital Insurance and Supplementary Medical Insurance**  
**Trust Fund Operations: 1993-97**

1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3
\$46,566	\$47,456	\$49,642	\$50,599	\$52,639	\$50,084	\$53,696	\$53,922
29,254	31,288	32,160	32,615	33,866	33,407	35,307	35,208
17,312	16,168	17,482	17,984	18,773	16,677	18,389	18,714
\$30,001	\$26,293	\$37,000	\$27,840	\$33,470	\$29,535	\$36,644	\$28,852
29,254	31,288	32,160	32,615	33,866	33,407	35,307	35,208
747	(4,995)	4,840	(4,774)	(396)	(3,873)	1,337	(6,356)
130,267	125,272	130,112	125,338	124,942	121,069	122,406	116,050
\$16,568	\$26,596	\$19,653	\$19,208	\$20,152	\$19,906	\$20,855	\$19,893
17,312	16,168	17,482	17,984	18,773	16,677	18,389	18,714
(745)	10,428	2,171	1,224	1,378	3,229	2,466	1,179
13,130	23,558	25,729	26,953	28,332	31,561	34,027	35,206
Percent Change From the Same Period of Previous Year							
9.7	7.0	6.2	8.7	13.0	5.5	8.2	6.6
10.3	9.3	5.4	11.7	15.8	6.8	9.8	8.0
8.7	2.9	7.8	3.6	8.4	3.1	5.2	4.1
0.6	4.3	4.0	14.8	11.6	12.3	-1.0	3.6
10.3	9.3	5.4	11.7	15.8	6.8	9.8	8.0
-1.9	-3.2	-3.2	-3.2	-4.1	-3.4	-5.9	-7.4
14.8	61.4	14.3	90.7	21.6	-25.2	6.1	3.6
8.7	2.9	7.8	3.6	8.4	3.1	5.2	4.1
-32.4	16.7	21.6	94.3	115.8	34.0	32.2	30.6

**Table 4**  
**Employment, Hours, and Earnings in Private Sector<sup>1</sup> Health Service Establishments,**  
**by Selected Type of Establishment: 1993-97**

Type of Establishment	Calendar Year				1994	1994	1995	1995
	1993	1994	1995	1996	Q3	Q4	Q1	Q2
<b>Total Employment (in Thousands)</b>								
Non-Farm Private Sector	91,872	95,036	97,885	100,076	96,323	96,925	95,647	97,838
Health Services	8,756	8,992	9,230	9,469	9,042	9,083	9,119	9,195
Offices and Clinics of Physicians	1,506	1,545	1,609	1,678	1,557	1,568	1,577	1,599
Offices and Clinics of Dentists	556	574	592	609	576	581	584	591
Nursing Homes	1,585	1,649	1,691	1,732	1,661	1,666	1,671	1,682
Private Hospitals	3,779	3,763	3,772	3,814	3,769	3,759	3,758	3,768
Home Health Care Services	469	559	629	665	571	591	603	620
<b>Non-Supervisory Employment (in Thousands)</b>								
Non-Farm Private Sector	74,761	77,607	80,125	81,998	78,790	79,343	78,047	80,090
Health Services	7,770	7,966	8,178	8,396	8,007	8,041	8,075	8,148
Offices and Clinics of Physicians	1,231	1,262	1,314	1,377	1,270	1,278	1,287	1,305
Offices and Clinics of Dentists	487	501	517	534	503	507	510	515
Nursing Homes	1,431	1,487	1,526	1,560	1,498	1,502	1,506	1,517
Private Hospitals	3,464	3,441	3,450	3,491	3,444	3,435	3,435	3,446
Home Health Care Services	435	518	582	615	528	546	558	575
<b>Average Weekly Hours</b>								
Nonfarm Private Sector	34.5	34.7	34.5	34.4	34.9	34.8	34.3	34.4
Health Services	32.8	32.8	32.8	32.7	32.8	32.8	32.8	32.7
Offices and Clinics of Physicians	32.2	32.4	32.5	32.9	32.3	32.6	32.4	32.4
Offices and Clinics of Dentists	28.3	28.1	28.0	28.1	28.0	28.2	28.0	28.0
Nursing Homes	32.2	32.3	32.5	32.4	32.5	32.4	32.3	32.3
Private Hospitals	34.6	34.7	34.5	34.4	34.7	34.6	34.7	34.6
Home Health Care Services	27.8	28.2	28.6	28.1	28.2	28.5	28.7	28.7
<b>Average Hourly Earnings</b>								
Non-Farm Private Sector	10.83	11.12	11.43	11.81	11.10	11.27	11.35	11.35
Health Services	11.78	12.10	12.45	12.85	12.13	12.25	12.36	12.36
Offices and Clinics of Physicians	11.89	12.26	12.54	13.17	12.29	12.36	12.45	12.45
Offices and Clinics of Dentists	11.44	11.97	12.40	12.88	12.01	12.17	12.25	12.35
Nursing Homes	8.17	8.50	8.77	9.00	8.53	8.61	8.71	8.74
Private Hospitals	13.46	13.83	14.30	14.70	13.89	14.04	14.17	14.16
Home Health Care Services	10.41	10.67	10.91	11.17	10.71	10.75	10.84	10.84
<b>Addenda: Hospital Employment (in Thousands)</b>								
Total	5,100	5,077	5,069	5,082	5,083	5,068	5,065	5,068
Private	3,779	3,763	3,772	3,814	3,769	3,759	3,758	3,768
Federal	234	234	233	231	234	232	230	232
State	414	407	395	377	406	405	404	397
Local	673	673	669	660	675	672	673	671

<sup>1</sup>Excludes hospitals, clinics, and other health-related establishments run by all governments.

NOTES: Data presented here conform to the 1987 Standard Industrial Classification. Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: Employment and Earnings. Washington. U.S. Government Printing Office. Monthly reports for January 1993 - September 1997.

**Table 4—Continued**  
**Employment, Hours, and Earnings in Private Sector<sup>1</sup> Health Service Establishments,**  
**by Selected Type of Establishment: 1993-97**

1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3
98,907	99,148	97,534	100,021	101,246	101,505	99,932	102,455	103,704
9,274	9,334	9,364	9,446	9,509	9,556	9,580	9,660	9,727
1,621	1,639	1,649	1,672	1,692	1,701	1,713	1,734	1,753
596	599	601	608	612	616	618	622	624
1,701	1,712	1,713	1,726	1,742	1,748	1,746	1,758	1,768
3,779	3,784	3,794	3,807	3,821	3,833	3,842	3,863	3,889
638	653	654	666	667	675	674	683	685
81,073	81,289	79,667	81,977	83,058	83,291	81,707	84,007	85,062
8,218	8,272	8,303	8,377	8,431	8,474	8,487	8,563	8,619
1,325	1,341	1,351	1,372	1,389	1,396	1,404	1,425	1,438
520	523	527	534	536	540	541	545	546
1,535	1,544	1,543	1,555	1,569	1,573	1,571	1,581	1,590
3,456	3,462	3,471	3,485	3,498	3,510	3,518	3,538	3,564
591	604	605	616	616	624	622	630	631
34.7	34.5	33.9	34.4	34.8	34.6	34.3	34.6	34.8
32.8	32.7	32.5	32.6	32.8	32.8	32.9	33.0	33.1
32.5	32.7	32.6	32.8	32.9	33.2	33.2	33.1	33.1
27.8	28.1	27.9	28.2	28.2	28.4	28.4	28.5	28.2
32.8	32.6	32.2	32.3	32.7	32.3	32.3	32.2	32.6
34.5	34.4	34.4	34.3	34.3	34.4	34.6	34.8	34.9
28.7	28.1	27.7	27.8	28.3	28.3	28.6	28.9	29.0
11.43	11.59	11.69	11.74	11.81	12.00	12.14	12.17	12.25
12.46	12.62	12.74	12.78	12.87	13.01	13.12	13.17	13.28
12.52	12.74	12.95	13.08	13.21	13.43	13.60	13.65	13.81
12.42	12.60	12.69	12.77	12.92	13.16	13.46	13.57	13.61
8.79	8.85	8.95	8.95	9.02	9.10	9.20	9.26	9.39
14.34	14.52	14.62	14.63	14.73	14.81	14.90	14.93	15.03
10.92	11.03	11.11	11.12	11.21	11.26	11.33	11.27	11.31
5,076	5,068	5,068	5,076	5,087	5,098	5,104	5,128	5,160
3,779	3,784	3,794	3,807	3,821	3,833	3,842	3,863	3,889
237	233	234	233	230	227	222	221	221
392	389	385	379	374	372	371	370	371
668	662	656	657	662	666	669	673	679

**Table 5**  
**Percent Change in Employment, Hours, and Earnings in Private Sector<sup>1</sup> Health Service Establishments, by Selected Type of Establishment: 1993-97**

Type of Establishment	Calendar Year				1994	1994	1995	1995
	1993	1994	1995	1996	Q3	Q4	Q1	Q2
	Annual Percent Change				Percent Change From the Same Period of Previous Year			
<b>Total Employment (in Thousands)</b>								
Non-Farm Private Sector	2.1	3.4	3.0	2.2	3.6	3.8	3.9	3.2
Health Services	3.1	2.7	2.7	2.6	2.7	2.6	2.7	2.6
Offices and Clinics of Physicians	2.9	2.6	4.1	4.3	2.7	3.4	3.8	4.1
Offices and Clinics of Dentists	2.9	3.1	3.3	2.8	3.1	3.1	3.3	3.2
Nursing Homes	3.4	4.0	2.6	2.4	4.0	3.0	2.8	2.4
Private Hospitals	0.8	-0.4	0.2	1.1	-0.5	-0.3	-0.1	0.1
Home Health Care Services	17.9	19.3	12.4	5.8	18.9	16.9	15.3	12.2
<b>Non-Supervisory Employment (in Thousands)</b>								
Non-Farm Private Sector	2.5	3.8	3.2	2.3	4.0	4.2	4.2	3.5
Health Services	3.0	2.5	2.7	2.7	2.5	2.5	2.6	2.5
Offices and Clinics of Physicians	2.4	2.5	4.2	4.8	2.6	3.4	3.6	3.9
Offices and Clinics of Dentists	2.8	3.0	3.2	3.3	2.8	2.9	3.1	2.9
Nursing Homes	3.3	3.9	2.6	2.3	3.9	3.0	2.8	2.5
Private Hospitals	0.6	-0.7	0.3	1.2	-0.8	-0.5	-0.2	0.1
Home Health Care Services	17.9	19.1	12.3	5.8	18.4	16.6	15.0	12.1
<b>Average Weekly Hours</b>								
Non-Farm Private Sector	0.3	0.5	-0.6	-0.1	0.3	0.6	0.0	-1.0
Health Services	0.1	0.1	-0.2	-0.3	-0.1	0.2	0.1	-0.2
Offices and Clinics of Physicians	0.2	0.5	0.2	1.3	0.1	0.9	0.2	0.1
Offices and Clinics of Dentists	-0.3	-0.5	-0.6	0.6	-0.8	-0.5	-0.5	-0.9
Nursing Homes	-0.3	0.3	0.5	-0.3	-0.2	1.0	0.6	0.3
Private Hospitals	0.5	0.2	-0.3	-0.5	0.1	-0.1	-0.1	-0.1
Home Health Care Services	1.4	1.7	1.2	-1.8	1.1	2.4	2.6	1.9
<b>Average Hourly Earnings</b>								
Non-Farm Private Sector	2.5	2.7	2.8	3.3	2.6	2.8	2.7	2.6
Health Services	3.4	2.7	2.9	3.2	2.9	2.8	3.0	2.8
Offices and Clinics of Physicians	4.2	3.1	2.3	5.0	3.2	2.4	2.4	1.8
Offices and Clinics of Dentists	3.8	4.6	3.6	3.9	4.8	4.1	3.9	3.6
Nursing Homes	4.0	4.0	3.2	2.7	4.0	3.6	3.7	3.5
Private Hospitals	3.3	2.7	3.4	2.8	2.9	3.1	3.5	3.3
Home Health Care Services	4.1	2.5	2.3	2.6	2.3	2.3	2.5	2.1
<b>Addenda: Hospital Employment (in Thousands)</b>								
Total	0.6	-0.5	-0.1	0.3	-0.6	-0.5	-0.3	-0.2
Private	0.8	-0.4	0.2	1.1	-0.5	-0.3	-0.1	0.1
Federal	-0.4	0.0	-0.2	-1.0	-0.8	-1.5	-2.2	-0.8
State	-1.2	-1.6	-2.9	-4.5	-1.9	-1.6	-1.3	-2.8
Local	1.3	0.0	-0.6	-1.3	-0.4	-0.3	0.0	-0.2

<sup>1</sup>Excludes hospitals, clinics, and other health-related establishments run by all governments.

NOTES: Data presented here conform to the 1987 Standard Industrial Classification. Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: Employment and Earnings. Washington. U.S. Government Printing Office. Monthly reports for January 1993 - September 1997.

**Table 5—Continued**  
**Percent Change in Employment, Hours, and Earnings in Private Sector<sup>1</sup> Health Service**  
**Establishments, by Selected Type of Establishment: 1993-97**

1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3
Percent Change From the Same Period of Previous Year								
2.7	2.3	2.0	2.2	2.4	2.4	2.5	2.4	2.4
2.6	2.8	2.7	2.7	2.5	2.4	2.3	2.3	2.3
4.1	4.5	4.5	4.6	4.4	3.8	3.9	3.7	3.6
3.4	3.1	2.9	2.9	2.7	2.8	2.9	2.4	2.0
2.4	2.8	2.5	2.6	2.4	2.1	2.0	1.9	1.5
0.3	0.7	0.9	1.0	1.1	1.3	1.3	1.5	1.8
11.7	10.6	8.6	7.4	4.4	3.3	3.1	2.6	2.7
2.9	2.5	2.1	2.4	2.4	2.5	2.6	2.5	2.4
2.6	2.9	2.8	2.8	2.6	2.4	2.2	2.2	2.2
4.3	4.9	5.0	5.1	4.8	4.2	3.9	3.8	3.6
3.4	3.3	3.3	3.5	3.2	3.2	2.7	2.1	1.8
2.5	2.8	2.5	2.5	2.2	1.9	1.8	1.7	1.4
0.3	0.8	1.1	1.1	1.2	1.4	1.3	1.5	1.9
11.9	10.6	8.6	7.2	4.4	3.3	2.7	2.3	2.3
-0.5	-0.9	-1.1	0.2	0.1	0.4	1.3	0.5	0.1
-0.1	-0.4	-0.8	-0.3	-0.1	0.2	1.1	1.2	0.9
0.4	0.1	0.6	1.2	1.4	1.7	1.7	1.1	0.4
-0.8	-0.1	-0.6	0.7	1.4	0.8	1.9	1.2	0.1
0.7	0.5	-0.2	0.2	-0.2	-0.9	0.2	-0.3	-0.2
-0.6	-0.5	-0.9	-0.9	-0.5	0.1	0.7	1.5	1.7
1.7	-1.4	-3.4	-3.2	-1.2	0.7	3.2	3.8	2.5
3.0	2.9	3.0	3.4	3.4	3.6	3.9	3.7	3.7
2.7	3.0	3.1	3.4	3.3	3.1	3.0	3.1	3.2
1.9	3.1	4.0	5.1	5.6	5.4	5.0	4.4	4.5
3.4	3.6	3.6	3.4	4.0	4.4	6.1	6.3	5.4
3.0	2.8	2.7	2.4	2.6	2.8	2.8	3.4	4.2
3.3	3.4	3.1	3.3	2.7	2.0	2.0	2.1	2.1
2.0	2.6	2.4	2.6	2.7	2.1	2.0	1.3	0.9
-0.1	0.0	0.1	0.2	0.2	0.6	0.7	1.0	1.4
0.3	0.7	0.9	1.0	1.1	1.3	1.3	1.5	1.8
1.5	0.6	1.7	0.1	-3.0	-2.6	-5.0	-4.8	-3.7
-3.5	-4.0	-4.6	-4.4	-4.6	-4.4	-3.7	-2.4	-0.8
-0.9	-1.4	-2.6	-2.1	-0.9	0.5	2.0	2.4	2.5

**Table 6**  
**Percent Change in Implied Non-Supervisory Payrolls, Employment, Average Weekly Hours, and**  
**Average Hourly Earnings in Private<sup>1</sup> Health Service Establishments by Selected Type of**  
**Establishment: 1993-97**

Type of Establishment	1993	1994	1995	1996	1994 Q3	1994 Q4	1995 Q1	1995 Q2
	Annual Percent Change				Annual Percent Change From the Same Period of Previous Year			
<b>Health Services</b>								
Payrolls	6.6	5.4	5.5	5.7	5.3	5.6	5.8	5.2
Employment	3.0	2.5	2.7	2.7	2.5	2.5	2.6	2.5
Average Weekly Hours	0.1	0.1	-0.2	-0.3	-0.1	0.2	0.1	-0.2
Average Hourly Earnings	3.4	2.7	2.9	3.2	2.9	2.8	3.0	2.8
<b>Offices and Clinics of Physicians</b>								
Payrolls	6.9	6.3	6.8	11.4	5.9	6.9	6.3	5.9
Employment	2.4	2.5	4.2	4.8	2.6	3.4	3.6	3.9
Average Weekly Hours	0.2	0.5	0.2	1.3	0.1	0.9	0.2	0.1
Average Hourly Earnings	4.2	3.1	2.3	5.0	3.2	2.4	2.4	1.8
<b>Offices and Clinics of Dentists</b>								
Payrolls	6.5	7.3	6.3	8.0	6.8	6.6	6.7	5.6
Employment	2.8	3.0	3.2	3.3	2.8	2.9	3.1	2.9
Average Weekly Hours	-0.3	-0.5	-0.6	0.6	-0.8	-0.5	-0.5	-0.9
Average Hourly Earnings	3.8	4.6	3.6	3.9	4.8	4.1	3.9	3.6
<b>Nursing Homes</b>								
Payrolls	7.1	8.3	6.5	4.7	7.8	7.8	7.2	6.4
Employment	3.3	3.9	2.6	2.3	3.9	3.0	2.8	2.5
Average Weekly Hours	-0.3	0.3	0.5	-0.3	-0.2	1.0	0.6	0.3
Average Hourly Earnings	4.0	4.0	3.2	2.7	4.0	3.6	3.7	3.5
<b>Private Hospitals</b>								
Payrolls	4.5	2.2	3.3	3.5	2.2	2.5	3.2	3.3
Employment	0.6	-0.7	0.3	1.2	-0.8	-0.5	-0.2	0.1
Average Weekly Hours	0.5	0.2	-0.3	-0.5	0.1	-0.1	-0.1	-0.1
Average Hourly Earnings	3.3	2.7	3.4	2.8	2.9	3.1	3.5	3.3
<b>Home Health Care Services</b>								
Payrolls	24.4	24.1	16.2	6.5	22.4	22.1	21.0	16.6
Employment	17.9	19.1	12.3	5.8	18.4	16.6	15.0	12.1
Average Weekly Hours	1.4	1.7	1.2	-1.8	1.1	2.4	2.6	1.9
Average Hourly Earnings	4.1	2.5	2.3	2.4	2.3	2.3	2.5	2.1
<b>Nonfarm Private Sector</b>								
Payrolls	5.4	7.1	5.5	5.7	7.0	7.7	7.0	5.1
Employment	2.5	3.8	3.2	2.3	4.0	4.2	4.2	3.5
Average Weekly Hours	0.3	0.5	-0.6	-0.1	0.3	0.6	0.0	-1.0
Average Hourly Earnings	2.5	2.7	2.8	3.3	2.6	2.8	2.7	2.6

<sup>1</sup>Excludes hospitals, clinics, and other health-related establishments run by all governments.

NOTES: Data presented here conform to the 1987 Standard Industrial Classification. Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: Employment and Earnings. Washington. U.S. Government Printing Office. Monthly reports for January 1993 - September 1997.

**Table 6—Continued**

**Percent Change in Implied Non-Supervisory Payrolls, Employment, Average Weekly Hours, and Average Hourly Earnings in Private<sup>1</sup> Health Service Establishments by Selected Type of Establishment: 1993-97**

1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3
Percent Change From the Same Period of Previous Year								
5.3	5.6	5.1	6.0	5.9	5.8	6.4	6.7	6.4
2.6	2.9	2.8	2.8	2.6	2.4	2.2	2.2	2.2
-0.1	-0.4	-0.8	-0.3	-0.1	0.2	1.1	1.2	0.9
2.7	3.0	3.1	3.4	3.3	3.1	3.0	3.1	3.2
6.7	8.2	9.8	11.8	12.2	11.7	11.1	9.6	8.6
4.3	4.9	5.0	5.1	4.8	4.2	3.9	3.8	3.6
0.4	0.1	0.6	1.2	1.4	1.7	1.7	1.1	0.4
1.9	3.1	4.0	5.1	5.6	5.4	5.0	4.4	4.5
6.1	6.9	6.3	7.8	8.9	8.7	11.1	9.8	7.3
3.4	3.3	3.3	3.5	3.2	3.2	2.7	2.1	1.8
-0.8	-0.1	-0.6	0.7	1.4	0.8	1.9	1.2	0.1
3.4	3.6	3.6	3.4	4.0	4.4	6.1	6.3	5.4
6.3	6.2	5.0	5.2	4.7	3.8	4.9	4.8	5.4
2.5	2.8	2.5	2.5	2.2	1.9	1.8	1.7	1.4
0.7	0.5	-0.2	0.2	-0.2	-0.9	0.2	-0.3	-0.2
3.0	2.8	2.7	2.4	2.6	2.8	2.8	3.4	4.2
3.0	3.7	3.3	3.6	3.4	3.6	4.0	5.2	5.8
0.3	0.8	1.1	1.1	1.2	1.4	1.3	1.5	1.9
-0.6	-0.5	-0.9	-0.9	-0.5	0.1	0.7	1.5	1.7
3.3	3.4	3.1	3.3	2.7	2.0	2.0	2.1	2.1
16.0	11.9	7.5	6.4	5.9	6.2	8.1	7.7	5.8
11.9	10.6	8.6	7.2	4.4	3.3	2.7	2.3	2.3
1.7	-1.4	-3.4	-3.2	-1.2	0.7	3.2	3.8	2.5
2.0	2.6	2.4	2.6	2.7	2.1	2.0	1.3	0.9
5.4	4.5	4.0	6.0	6.0	6.5	7.9	6.8	6.3
2.9	2.5	2.1	2.4	2.4	2.5	2.6	2.5	2.4
-0.5	-0.9	-1.1	0.2	0.1	0.4	1.3	0.5	0.1
3.0	2.9	3.0	3.4	3.4	3.6	3.9	3.7	3.7

**Table 7**  
**Selected National Economic Indicators: 1993-97**

Indicator	Calendar Year				1994	1994	1995	1995
	1993	1994	1995	1996	Q3	Q4	Q1	Q2
<b>Gross Domestic Product</b>								
Billions of Dollars	6,558	6,947	7,265	7,636	6,987	7,096	7,169	7,210
Billions of 1992 Chain Weighted Dollars	6,390	6,611	6,742	6,928	6,630	6,689	6,704	6,709
Implicit Price Deflator (1992 = 100.0)	102.6	105.1	107.8	110.2	105.4	106.1	106.9	107.5
<b>Personal Income</b>								
Personal Income in Billions	5,519	5,792	6,151	6,495	5,838	5,946	6,053	6,115
Disposable Income in Billions	4,829	5,053	5,356	5,608	5,098	5,193	5,287	5,320
<b>Prices<sup>1</sup></b>								
Consumer Price Index, All Items	144.5	148.2	152.4	156.9	148.9	149.6	150.9	152.2
All Items Less Medical Care	141.2	144.7	148.6	152.8	145.4	146.0	147.1	148.4
Energy	104.2	104.6	105.2	110.1	107.8	105.4	103.7	106.5
Food and Beverages	141.6	144.9	148.9	153.7	145.2	146.2	147.9	148.7
Medical Care	201.4	211.0	220.5	228.2	212.2	214.7	217.6	219.3
Producer Price Index, <sup>2</sup> Finished								
Consumer Goods	123.0	123.3	125.6	129.5	123.9	123.7	124.5	125.7
Energy	78.0	77.0	78.1	83.2	80.2	76.9	76.7	80.0
Food	125.6	126.8	129.0	133.6	126.4	127.2	128.3	128.0
Finished Goods Except Food and Energy	138.5	139.0	141.9	144.3	138.7	139.8	140.8	141.6
	Annual Percent Change				Percent Change From the Same Period of Previous Year			
<b>Gross Domestic Product</b>								
Billions of Dollars	5.0	5.9	4.6	5.1	6.3	5.8	5.5	4.3
Billions of 1992 Chain Weighted Dollars	2.3	3.5	2.0	2.8	3.7	3.3	2.7	1.6
Implicit Price Deflator (1992 = 100.0)	2.6	2.4	2.5	2.3	2.5	2.5	2.7	2.6
<b>Personal Income</b>								
Personal Income in Billions	4.6	4.9	6.2	5.6	5.3	5.1	7.8	6.0
Disposable Income in Billions	4.4	4.6	6.0	4.7	5.1	5.1	7.8	6.1
<b>Prices<sup>1</sup></b>								
Consumer Price Index, All Items	3.0	2.6	2.8	2.9	2.9	2.7	2.8	3.1
All Items Less Medical Care	2.7	2.5	2.7	2.9	2.7	2.5	2.7	3.0
Energy	1.1	0.5	0.6	4.6	2.3	1.5	1.9	2.9
Food and Beverages	2.1	2.3	2.8	3.3	2.7	2.5	2.7	3.2
Medical Care	6.0	4.8	4.5	3.5	4.6	4.8	4.9	4.6
Producer Price Index, <sup>2</sup> Finished								
Consumer Goods	1.1	0.2	1.9	3.1	0.9	1.2	1.7	2.2
Energy	0.3	-1.2	1.4	6.5	1.0	1.1	3.0	4.3
Food	1.9	0.9	1.8	3.5	0.8	0.6	1.0	1.2
Finished Goods Except Food and Energy	0.9	0.3	2.1	1.7	1.0	1.6	1.6	2.0

<sup>1</sup>Base Period = 1982-84, unless noted.

<sup>2</sup>Formerly called the Wholesale Price Index.

NOTES: Q designates quarter of year. Unlike Tables 1-5, quarterly data on GDP, personal income, and disposable personal income, are seasonally adjusted at annual rates.

SOURCES: U.S. Department of Commerce, Bureau of Economic Analysis: Survey of Current Business. Washington. U.S. Government Printing Office. Monthly reports for January 1993 - March 1997; U.S. Department of Labor, Bureau of Labor Statistics: Employment and Earnings. Washington. U.S. Government Printing Office. Monthly reports for January 1993 - September 1997.

**Table 7—Continued**  
**Selected National Economic Indicators: 1993-97**

1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3
7,301	7,382	7,468	7,608	7,676	7,793	7,934	8,034	8,124
6,759	6,797	6,826	6,926	6,944	7,017	7,102	7,160	7,214
108.0	108.6	109.4	109.8	110.5	111.1	111.7	112.2	112.6
6,179	6,256	6,359	6,461	6,542	6,618	6,746	6,829	6,907
5,380	5,436	5,519	5,574	5,645	5,696	5,791	5,850	5,909
152.9	153.6	155.0	156.5	157.4	158.5	159.6	160.2	160.8
149.0	149.7	151.0	152.5	153.3	154.4	155.5	156.0	156.7
107.2	103.5	105.3	112.0	111.9	111.3	112.5	110.7	112.6
149.0	150.0	151.6	152.8	154.3	156.2	157.0	157.1	158.0
221.5	223.4	226.0	227.4	229.1	230.4	232.6	234.1	235.1
125.9	126.4	127.4	129.3	130.2	131.2	130.7	129.9	130.2
79.4	76.4	78.8	84.2	84.7	85.1	84.9	82.5	84.2
129.1	130.7	131.1	132.1	134.9	136.1	134.4	134.5	134.5
141.7	143.7	144.0	144.2	144.0	145.0	145.2	145.0	144.4
Percent Change From the Same Period of Previous Year								
4.5	4.0	4.2	5.5	5.1	5.6	6.2	5.6	5.8
2.0	1.6	1.8	3.2	2.7	3.3	4.0	3.4	3.9
2.5	2.4	2.3	2.2	2.3	2.2	2.1	2.2	1.9
5.8	5.2	5.1	5.7	5.9	5.8	6.1	5.7	5.6
5.5	4.7	4.4	4.8	4.9	4.8	4.9	5.0	4.7
2.6	2.7	2.7	2.8	2.9	3.2	2.9	2.3	2.2
2.5	2.5	2.7	2.8	2.9	3.1	3.0	2.3	2.2
-0.6	-1.8	1.6	5.2	4.4	7.5	6.8	-1.1	0.6
2.6	2.6	2.5	2.8	3.6	4.2	3.5	2.8	2.4
4.4	4.1	3.8	3.7	3.4	3.1	2.9	3.0	2.6
1.6	2.2	2.3	2.9	3.4	3.8	2.6	0.5	-0.1
-1.0	-0.7	2.8	5.2	6.6	11.5	7.7	-2.0	-0.6
2.2	2.7	2.2	3.2	4.5	4.1	2.5	1.8	-0.3
2.2	2.8	2.3	1.8	1.6	0.9	0.8	0.6	0.3

**Table 8**  
**Index Levels of Medical Prices: 1993-97**

Indicator	Calendar Year				1994	1994	1995	1995
	1993	1994	1995	1996	Q3	Q4	Q1	Q2
<b>Consumer Price Indexes, All Urban Consumers<sup>1</sup></b>								
Medical Care Services <sup>2</sup>	202.9	213.4	224.2	232.4	214.6	217.5	221.0	223.0
Professional Services	184.7	192.5	201.0	208.3	193.5	195.5	198.3	200.2
Physicians' Services	191.3	199.8	208.8	216.4	200.7	202.4	205.6	208.1
Dental Services	188.1	197.1	206.8	216.5	198.3	201.1	204.0	205.8
Hospital and Related Services <sup>3</sup>	231.9	245.6	257.8	269.5	247.2	250.6	254.2	255.6
Hospital Room	226.4	239.2	251.2	261.0	240.9	243.5	247.8	249.4
Other Inpatient Services (1986=100)	185.7	197.1	206.8	216.9	198.2	201.2	204.0	205.2
Outpatient Services (1986=100)	184.3	195.0	204.6	215.1	196.3	199.4	201.5	202.3
Medical Care Commodities	195.0	200.7	204.5	210.4	201.6	202.6	203.4	203.6
Prescription Drugs	223.0	230.6	235.0	242.9	231.0	232.8	233.4	233.9
Non-Prescription Drugs and Medical Supplies (1986=100)	135.5	138.1	140.5	143.1	139.4	139.4	140.5	140.0
Internal and Respiratory Over-the-Counter Drugs	163.5	165.9	167.0	170.2	166.6	166.4	167.1	166.0
Non-Prescription Medical Equipment and Supplies	155.9	160.0	166.3	169.1	163.1	163.6	165.8	166.3
<b>Producer Price Indexes<sup>4</sup></b>								
Industry Groupings: <sup>5</sup>								
Health Services (12/94=100)	—	—	102.4	104.6	—	—	101.6	101.9
Offices and Clinics of Doctors of Medicine (12/93=100)	—	102.8	106.8	107.6	102.9	104.0	106.3	106.8
Medicare Treatments (12/93=100)	—	104.7	109.6	105.5	104.7	104.7	109.6	109.6
Non-Medicare Treatments (12/93=100)	—	102.3	105.9	107.8	102.4	103.8	105.5	106.1
Hospitals (12/92=100)	102.5	106.2	110.0	112.6	106.7	107.7	109.2	109.3
General Medical and Surgical Hospitals (12/92=100)	102.4	106.0	109.9	112.5	106.5	107.5	109.0	109.2
Inpatient Treatments (12/92=100)	102.5	106.0	109.2	111.8	106.4	107.5	108.5	108.6
Medicare Patients (12/92=100)	100.6	102.6	104.7	108.1	102.3	103.6	103.6	103.6
Medicaid Patients (12/92=100)	102.3	107.1	109.8	112.2	108.1	108.9	109.5	109.6
All Other Patients (12/92=100)	103.5	107.7	111.7	113.7	108.4	109.4	111.0	111.1
Outpatient Treatments (12/92=100)	102.5	106.7	113.3	116.2	107.6	108.2	111.9	112.5
Medicare Patients (12/92=100)	103.7	107.0	111.2	113.1	107.5	108.8	110.2	111.1
Medicaid Patients (12/92=100)	101.6	103.3	106.4	106.1	105.1	105.1	105.7	105.9
All Other Patients (12/92=100)	102.4	106.9	114.2	117.7	107.8	108.4	112.7	113.2
Skilled and Intermediate Care Facilities (12/94=100)	—	—	103.6	110.0	—	—	101.9	102.8
Public Payors (12/94=100)	—	—	103.8	110.5	—	—	101.8	102.7
Private Payors (12/94=100)	—	—	103.6	109.8	—	—	102.1	103.2
Medical Laboratories (6/94=100)	—	—	104.0	105.3	100.0	99.9	101.6	103.4
Commodity Groupings:								
Drugs and Pharmaceuticals	200.9	206.0	210.9	214.7	206.3	207.0	208.5	210.3
Ethical (Prescription) Preparations	242.2	250.0	257.0	265.4	250.0	251.4	252.7	255.8
Proprietary (Over-the-Counter) Preparations	180.0	183.2	186.6	185.1	184.4	184.5	185.5	186.6
Medical, Surgical, and Personal Aid Devices	137.8	140.4	141.3	143.1	140.6	140.5	140.7	140.8
Personal Aid Equipment	122.3	130.1	133.7	139.3	130.9	130.9	131.2	131.8
Medical Instruments and Equipment (6/82=100)	126.0	126.7	128.3	130.1	126.8	126.9	127.8	128.0
Surgical Appliances and Supplies (6/83=100)	151.0	155.7	154.8	156.9	156.1	155.4	154.3	154.1
Ophthalmic Goods (12/83=100)	119.0	119.6	122.2	120.3	119.4	119.8	121.7	121.8
Dental Equipment and Supplies (6/85=100)	131.5	135.2	137.5	141.0	136.0	135.7	136.4	137.9

<sup>1</sup>Unless otherwise noted, base year is 1982-84 = 100

<sup>2</sup>Includes the net cost of private health insurance, not shown separately.

<sup>3</sup>Unless otherwise noted, base year is 1982 = 100. Producer price indexes are classified by industry (price changes received for the industry's output sold outside the industry) and commodity (price changes by similarity of end use or material composition).

<sup>4</sup>Further detail for Producer Price Industry groupings, such as types of physician practices, hospital DRG groupings, etc., are available from BLS.

NOTES: Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: CPI Detailed Report. Washington. U.S. Government Printing Office. Monthly reports for January 1993 -September 1997; U.S. Department of Labor, Bureau of Labor Statistics: Producer Price Indexes. Washington. U.S. Government Printing Office. Monthly reports for January 1993 -September 1997.

**Table 8—Continued**  
**Index Levels of Medical Prices: 1993-97**

1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3
225.4	227.4	230.1	231.5	233.3	234.7	237.0	238.4	239.7
202.0	203.4	205.9	207.5	209.2	210.7	213.2	215.1	216.2
210.1	211.5	214.3	215.8	217.1	218.3	220.8	222.8	223.7
207.8	209.8	212.5	215.1	218.0	220.5	223.4	225.8	227.6
259.1	262.2	266.1	267.7	271.0	273.1	276.3	277.2	278.8
252.6	255.1	257.9	259.0	262.3	264.7	—	—	—
207.8	210.3	214.3	215.5	218.1	219.6	—	—	—
205.5	208.9	211.7	213.9	216.5	218.1	222.6	223.7	225.4
204.6	206.2	208.4	209.9	211.1	212.1	213.8	215.6	215.6
235.4	237.4	240.1	242.3	243.7	245.3	247.6	249.8	249.6
140.4	141.2	142.5	142.9	143.6	143.6	144.5	145.4	145.8
167.4	167.3	169.3	169.5	170.6	171.3	172.4	173.3	173.3
165.2	167.8	168.7	169.3	169.8	168.8	169.7	171.2	172.2
102.5	103.4	104.1	104.4	104.7	105.2	105.8	105.9	106.2
107.1	107.0	107.4	107.5	107.5	107.9	108.7	108.8	109.3
109.6	109.6	105.5	105.5	105.5	105.5	105.8	105.8	105.8
106.1	106.0	107.5	107.7	107.8	108.2	109.2	109.4	109.9
110.0	111.4	112.2	112.3	112.7	113.4	113.5	113.6	113.5
109.9	111.5	112.2	112.2	112.5	113.2	113.4	113.4	113.8
109.1	110.9	111.5	111.6	111.6	112.4	112.5	112.5	113.2
103.6	107.8	107.8	107.8	107.8	109.1	109.1	109.1	109.1
109.3	110.6	111.7	112.5	111.9	112.5	110.7	110.0	111.4
112.0	112.6	113.6	113.4	113.6	114.2	114.8	115.1	116.0
114.0	114.8	115.6	115.8	116.6	117.0	117.4	117.5	117.1
111.8	111.8	112.3	112.5	113.4	114.4	115.3	115.9	116.7
105.8	108.0	107.1	107.1	105.9	104.4	104.8	104.9	105.0
115.1	115.8	116.9	117.1	118.1	118.6	119.0	119.0	118.4
104.2	105.6	108.2	109.5	110.7	111.6	113.3	113.9	115.5
104.4	106.2	108.6	110.1	111.2	112.1	113.7	114.4	116.3
104.2	105.1	108.2	109.1	110.4	111.4	113.3	113.8	114.9
106.0	105.0	105.3	105.2	105.3	105.3	105.8	106.1	106.2
211.2	213.4	213.8	214.6	215.2	215.2	218.1	218.2	219.2
257.6	261.8	262.5	265.1	266.8	267.0	271.0	272.5	273.6
186.6	187.5	188.3	184.5	183.3	184.2	186.1	183.9	184.3
141.5	142.1	143.5	143.4	142.6	142.7	142.9	143.2	143.2
135.1	136.7	136.8	139.8	140.2	140.3	140.3	140.4	139.4
128.8	128.7	130.3	130.1	129.7	130.1	127.8	128.1	128.6
154.5	156.2	157.4	158.1	156.3	155.8	158.5	158.9	158.6
122.9	122.6	122.2	119.7	119.8	119.5	120.4	119.9	119.4
137.1	138.7	140.7	140.7	141.0	141.7	145.9	146.5	146.8

**Table 9**  
**Percent Change in Medical Prices From the Same Period 1 Year Ago: 1993-97**

Indicator	Calendar Year				1994	1994	1995	1995
	1993	1994	1995	1996	Q3	Q4	Q1	Q2
<b>Consumer Price Indexes, All Urban Consumers<sup>1</sup></b>	Annual Percent Change				Percent Change From the Same Period of Previous Year			
Medical Care Services <sup>2</sup>	6.5	5.2	5.0	3.7	5.0	5.2	5.5	5.2
Professional Services	5.1	4.3	4.4	3.7	4.1	4.5	4.7	4.4
Physicians' Services	5.6	4.4	4.5	3.6	4.2	4.3	4.5	4.5
Dental Services	5.3	4.8	4.9	4.7	4.8	5.4	5.7	4.9
Hospital and Related Services <sup>3</sup>	8.4	5.9	5.0	4.5	5.7	5.4	5.3	5.0
Hospital Room	8.5	5.7	5.0	3.9	5.5	5.0	5.3	5.1
Other Inpatient Services (1986=100)	7.8	6.1	5.0	4.9	5.9	5.7	5.5	5.0
Outpatient Services (1986=100)	9.3	5.8	4.9	5.1	5.7	5.7	5.2	4.9
Medical Care Commodities	3.7	2.9	1.9	2.9	2.8	3.0	2.5	1.7
Prescription Drugs	3.9	3.4	1.9	3.3	3.2	3.4	2.4	1.5
Non-Prescription Drugs and Medical Supplies (1986=100)	3.3	1.9	1.8	1.9	2.0	2.1	2.8	2.3
Internal and Respiratory Over-the-Counter Drugs	3.3	1.5	0.6	1.9	0.8	0.9	1.1	0.3
Non-Prescription Medical Equipment and Supplies	3.3	2.7	3.9	1.7	4.2	4.4	5.8	6.1
<b>Producer Price Indexes<sup>4</sup></b>								
Industry Groupings: <sup>5</sup>								
Health Services (12/94=100)	—	—	—	2.2	—	—	—	—
Offices and Clinics of Doctors of medicine (12/93=100)	—	—	3.9	0.7	—	—	4.5	4.3
Medicare Treatments (12/93=100)	—	—	4.7	-3.7	—	—	4.7	4.7
Non-Medicare Treatments (12/93=100)	—	—	3.6	1.8	—	—	4.5	4.3
Hospitals (12/92=100)	—	3.6	3.5	2.4	3.6	3.5	4.0	3.7
General Medical and Surgical Hospitals (12/92=100)	—	3.5	3.7	2.4	3.5	3.4	4.0	3.8
Inpatient Treatments (12/92=100)	—	3.5	3.1	2.3	3.5	3.1	3.4	3.2
Medicare Patients (12/92=100)	—	2.0	2.0	3.3	2.3	1.3	1.3	1.3
Medicaid Patients (12/92=100)	—	4.6	2.5	2.2	5.0	4.5	4.0	3.4
All Other Patients (12/92=100)	—	4.0	3.7	1.8	3.8	3.9	4.4	4.2
Outpatient Treatments (12/92=100)	—	4.1	6.2	2.6	4.4	4.7	6.6	6.3
Medicare Patients (12/92=100)	—	3.1	4.0	1.7	3.0	4.6	4.5	4.8
Medicaid Patients (12/92=100)	—	1.7	2.9	-0.2	2.7	3.1	3.8	4.6
All Other Patients (12/92=100)	—	4.4	6.9	3.0	4.8	4.8	7.2	6.7
Skilled and Intermediate Care Facilities (12/94=100)	—	—	—	6.1	—	—	—	—
Public Payors (12/94=100)	—	—	—	6.5	—	—	—	—
Private Payors (12/94=100)	—	—	—	5.9	—	—	—	—
Medical Laboratories (6/94=100)	—	—	—	1.3	—	—	—	—
Commodity Groupings:								
Drugs and Pharmaceuticals	4.5	2.5	2.4	1.8	2.1	2.3	1.9	2.2
Ethical (Prescription) Preparations	4.5	3.2	2.8	3.3	2.7	2.8	1.8	2.3
Proprietary (Over-the-Counter) Preparations	3.7	1.8	1.8	-0.8	1.6	1.6	2.3	2.2
Medical, Surgical, and Personal Aid Devices	3.0	1.8	0.7	1.3	2.0	1.6	0.5	0.4
Personal Aid Equipment	1.7	6.4	2.7	4.2	7.4	7.4	2.6	0.7
Medical Instruments and Equipment (6/82=100)	2.1	0.5	1.3	1.4	0.8	0.6	1.1	1.1
Surgical Appliances and Supplies (6/83=100)	4.1	3.1	-0.6	1.4	3.3	2.4	-0.8	-1.0
Ophthalmic Goods (12/83=100)	0.9	0.6	2.2	-1.6	0.1	0.3	1.4	2.1
Dental Equipment and Supplies (6/85=100)	3.8	2.9	1.7	2.5	3.0	3.1	1.6	2.2

<sup>1</sup>Unless otherwise noted, base year is 1982-84 = 100

<sup>2</sup>Includes the net cost of private health insurance, not shown separately.

<sup>3</sup>Unless otherwise noted, base year is 1982 = 100. Producer price indexes are classified by industry (price changes received for the industry's output sold outside the industry) and commodity (price changes by similarity of end use or material composition).

<sup>4</sup>Further detail for Producer Price Industry groupings, such as types of physician practices, hospital DRG groupings, etc., are available from the Bureau of Labor Statistics.

NOTES: Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: CPI Detailed Report. Washington. U.S. Government Printing Office. Monthly reports for January 1992 - September 1997; U.S. Department of Labor, Bureau of Labor Statistics: Producer Price Indexes. Washington. U.S. Government Printing Office. Monthly reports for January 1992 - September 1997.

**Table 9—Continued**  
**Percent Change in Medical Prices From the Same Period 1 Year Ago: 1993-97**

1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2	1997 Q3
Percent Change From the Same Period of Previous Year								
5.0	4.5	4.1	3.8	3.5	3.2	3.0	3.0	2.7
4.4	4.0	3.8	3.7	3.5	3.6	3.6	3.7	3.4
4.6	4.5	4.2	3.7	3.3	3.2	3.0	3.3	3.0
4.8	4.3	4.2	4.6	4.9	5.1	5.2	4.9	4.4
4.8	4.6	4.7	4.7	4.6	4.2	3.8	3.5	2.9
4.9	4.8	4.1	3.9	3.8	3.8	—	—	—
4.8	4.5	5.0	5.0	5.0	4.4	—	—	—
4.7	4.8	5.0	5.7	5.4	4.4	5.2	4.6	4.1
1.5	1.8	2.4	3.1	3.2	2.9	2.6	2.7	2.1
1.9	2.0	2.9	3.6	3.5	3.3	3.1	3.1	2.4
0.7	1.2	1.5	2.0	2.3	1.7	1.4	1.8	1.5
0.5	0.6	1.3	2.1	1.9	2.4	1.8	2.2	1.6
1.3	2.5	1.7	1.8	2.8	0.6	0.6	1.1	1.4
—	—	2.5	2.4	2.1	1.8	1.6	1.5	1.5
4.0	2.9	1.0	0.7	0.4	0.8	1.3	1.2	1.6
4.7	4.7	-3.7	-3.7	-3.7	-3.7	0.3	0.3	0.3
3.6	2.1	1.9	1.5	1.6	2.0	1.6	1.6	2.0
3.1	3.4	2.7	2.7	2.5	1.8	1.2	1.2	0.8
3.2	3.7	2.9	2.8	2.3	1.5	1.1	1.1	1.2
2.5	3.1	2.8	2.8	2.3	1.4	0.8	0.9	1.4
1.3	4.1	4.1	4.1	4.1	1.2	1.2	1.2	1.2
1.1	1.6	2.1	2.6	2.4	1.7	-0.9	-2.2	-0.5
3.3	3.0	2.3	2.0	1.4	1.4	1.1	1.5	2.2
6.0	6.1	3.3	2.9	2.2	1.9	1.6	1.5	0.5
4.0	2.7	1.9	1.3	1.4	2.3	2.7	3.0	2.9
0.6	2.8	1.3	1.2	0.1	-3.4	-2.1	-2.1	-0.8
6.8	6.9	3.7	3.4	2.6	2.4	1.8	1.6	0.3
—	—	6.1	6.5	6.2	5.7	4.7	4.0	4.3
—	—	6.6	7.2	6.5	5.5	4.7	4.0	4.6
—	—	5.9	5.8	6.0	6.0	4.7	4.2	4.0
5.9	5.1	3.7	1.8	-0.6	0.3	0.5	0.9	0.9
2.4	3.1	2.5	2.0	1.9	0.8	2.0	1.7	1.9
3.0	4.2	3.9	3.6	3.6	2.0	3.2	2.8	2.5
1.2	1.6	1.5	-1.1	-1.8	-1.8	-1.2	-0.3	0.6
0.6	1.2	2.0	1.8	0.8	0.4	-0.4	-0.2	0.4
3.2	4.4	4.3	6.1	3.8	2.6	2.6	0.4	-0.6
1.6	1.4	2.0	1.6	0.8	1.1	-1.9	-1.5	-0.9
-1.0	0.6	2.0	2.6	1.1	-0.3	0.7	0.5	1.5
2.9	2.3	0.4	-1.8	-2.5	-2.5	-1.5	0.1	-0.3
0.8	2.2	3.2	2.0	2.8	2.2	3.6	4.1	4.1

**Table 10**  
**Quarterly Index Levels and Four-Quarter Moving Average Percent Change in the**  
**Prospective Payment System (PPS) Hospital Input Price Index by Expense Category: 1995-99**

Expense Category <sup>1</sup>	Price/Wage Variable	Base Year	Forecast			
		Weights FY 92 <sup>2</sup>	1995 Q4	1996 Q1	1996 Q2	1996 Q3
<b>Index Levels:</b>						
Total	—	100.000	110.7	111.4	112.1	112.8
Compensation	—	61.390	111.5	112.5	113.2	114.0
Wages and Salaries	HCFA Occupational Wage Index <sup>4</sup>	50.244	110.8	111.9	112.6	113.5
Employee Benefits	HCFA Occupational Benefits Index <sup>4</sup>	11.146	114.6	115.4	116.0	116.5
Other Professional Fees	ECI-W/S: Professional/Technical (Private)	2.127	112.1	113.5	114.4	115.0
Energy and Utilities <sup>3</sup>	—	1.542	105.3	106.4	108.7	112.2
Professional Liability						
Insurance	HCFA-Professional Liability Premium	1.189	98.2	98.7	98.6	98.4
All Other	—	33.752	109.9	110.0	110.6	111.0
Other Products <sup>3</sup>	—	24.825	110.1	110.0	110.6	110.8
Pharmaceuticals	PPI-Prescription Drugs	4.162	114.6	114.9	116.0	116.8
Food: Direct Purchase	PPI-Processed Foods	2.314	106.3	106.8	108.7	111.2
Food: Contract Service	CPI-Food Away From Home	1.072	107.2	107.7	108.4	109.3
Chemicals	PPI-Industrial Chemicals	3.666	115.0	114.6	116.8	116.7
Medical Instruments	PPI-Medical Instruments/Equipment	3.080	104.9	106.3	106.1	105.8
Rubber and Plastics	PPI-Rubber/Plastic Products	4.750	108.6	107.8	107.7	108.1
Paper Products	PPI-Converted Paper and Paperboard	2.078	119.9	117.6	114.4	112.1
Miscellaneous Products	PPI-Finished Goods	2.236	105.0	105.6	106.9	107.3
Other Services <sup>3</sup>	—	8.927	109.5	110.0	110.7	111.4
All other: Labor Intensive	ECI-Comp: Service Workers	7.277	109.9	110.4	111.0	111.7
<b>4-Quarter Moving-Average Percent Change:</b>						
Total	—	100.000	3.1	2.9	2.6	2.4
Compensation	—	61.390	2.6	2.6	2.7	2.8
Wages and Salaries	HCFA Occupational Wage Index <sup>4</sup>	50.244	2.6	2.7	2.8	2.9
Employee Benefits	HCFA Occupational Benefits Index <sup>4</sup>	11.146	2.4	2.4	2.2	2.1
Other Professional Fees	ECI-W/S: Professional/Technical (Private)	2.127	2.4	2.6	2.8	3.0
Energy and Utilities <sup>3</sup>	—	1.542	0.2	0.3	0.8	1.4
Professional Liability						
Insurance	HCFA-Professional Liability Premium	1.189	-3.2	-2.6	-1.8	-0.9
All Other	—	33.752	4.5	3.8	2.8	1.9
Other Products <sup>3</sup>	—	24.825	5.2	4.4	3.1	1.8
Pharmaceuticals	PPI-Prescription Drugs	4.162	2.8	3.3	3.7	3.8
Food: Direct Purchase	PPI-Processed Foods	2.314	1.2	2.2	3.8	5.0
Food: Contract Service	CPI-Food Away From Home	1.072	2.3	2.3	2.3	2.3
Chemicals	PPI-Industrial Chemicals	3.666	12.4	7.4	2.2	-1.0
Medical Instruments	PPI-Medical Instruments/Equipment	3.080	1.3	1.5	1.6	1.4
Rubber and Plastics	PPI-Rubber/Plastic Products	4.750	5.7	4.4	2.5	0.7
Paper Products	PPI-Converted Paper and Paperboard	2.078	14.9	13.1	8.5	2.5
Miscellaneous Products	PPI-Finished Goods	2.236	1.9	2.0	2.1	2.4
Other Services <sup>3</sup>	—	8.927	2.4	2.2	2.1	2.0
All other: Labor Intensive	ECI-Comp: Service Workers	7.277	2.2	2.1	2.0	1.9

<sup>1</sup>For data sources used to estimate the input price index relative weights and choice of price proxies, see the August 29, 1997 Federal Register. For the most recent PPS update for payment rates, see the August 29, 1997 Federal Register.

<sup>2</sup>Category weights may not sum to total or subtotals because of detail not included.

<sup>3</sup>Represents a subtotal. Detailed categories not shown are listed below by subtotal, detailed category, and base year weight: Energy and Utilities: Fuel Oil, Coal, and Other Fuel (0.369), Electricity (0.927), and Water and Sewage (0.246). Other Products: Photographic Supplies (0.391), Apparel (0.869), and Machinery and Equipment (0.207).

Other Services: Telephone (0.581), Postage (0.272), and Other Non-Labor Intensive (0.796).

<sup>4</sup>The HCFA Occupational Wage and Occupational Benefit Indexes are computed as the weighted-average of 10 ECI categories (ECI for Hospital workers and 9 ECI occupational categories).

**Table 10—Continued**  
**Quarterly Index Levels and Four-Quarter Moving Average Percent Change in the**  
**Prospective Payment System (PPS) Hospital Input Price Index by Expense Category: 1995-99**

1996 Q4	1997 Q1	1997 Q2	1997 Q3	1997 Q4	Forecast		1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
					1998 Q1	1998 Q2					
113.1	113.7	114.2	115.1	115.7	116.4	116.9	117.9	118.5	119.4	120.0	121.1
114.5	115.3	116.1	117.1	117.9	118.8	119.4	120.5	121.2	122.2	122.9	124.1
114.0	114.8	115.7	116.9	117.7	118.5	119.2	120.3	121.1	122.0	122.7	123.9
116.7	117.1	117.6	118.1	118.8	119.7	120.2	121.3	121.8	123.3	123.8	125.1
115.4	116.1	117.3	117.9	118.8	119.8	120.4	121.7	122.3	123.3	124.0	125.3
108.7	110.7	109.3	113.1	111.2	109.2	110.3	114.5	110.5	110.3	111.9	116.4
97.9	97.1	96.7	96.5	96.5	96.7	96.7	97.0	97.5	98.1	98.5	99.0
111.3	111.4	111.5	112.0	112.4	113.0	113.3	113.8	114.4	115.0	115.5	116.2
110.8	110.7	110.5	110.7	111.0	111.4	111.8	112.1	112.4	113.0	113.5	114.0
116.9	118.6	119.3	119.6	120.4	122.1	123.3	124.0	124.8	126.9	128.5	129.4
110.7	109.5	110.5	110.0	108.8	109.6	110.1	110.7	110.5	111.1	111.6	111.9
110.3	111.0	111.6	112.3	113.2	114.2	115.1	115.9	116.7	117.7	118.6	119.4
116.6	116.8	115.3	116.4	116.5	115.7	114.5	114.4	114.6	114.9	114.9	115.6
106.1	104.3	104.5	104.3	104.7	104.5	105.1	105.1	105.8	104.9	105.4	105.5
107.7	107.2	107.3	107.4	107.2	106.9	107.0	107.4	107.3	107.1	107.3	107.7
111.8	111.1	109.2	109.3	111.4	112.9	114.1	114.3	115.2	116.5	117.8	118.0
108.1	107.8	107.2	107.2	107.8	108.1	108.3	108.4	108.9	109.3	109.7	109.9
112.5	113.3	114.1	115.7	116.3	117.2	117.7	118.7	119.7	120.9	121.2	122.2
113.0	113.8	114.8	116.7	117.4	118.4	118.9	119.9	121.1	122.3	122.6	123.8
2.3	2.2	2.1	2.0	2.0	2.1	2.3	2.4	2.4	2.4	2.5	2.6
2.8	2.7	2.6	2.6	2.7	2.8	2.9	2.9	2.9	2.9	2.9	3.0
3.0	2.9	2.9	2.8	2.9	3.1	3.1	3.1	3.0	2.9	2.9	3.0
2.0	1.8	1.7	1.5	1.5	1.7	1.9	2.2	2.4	2.6	2.8	2.9
3.1	2.9	2.7	2.6	2.6	2.8	2.8	3.0	3.0	2.9	3.0	3.0
2.2	3.0	2.6	2.1	1.9	0.6	0.7	0.8	0.1	0.7	0.8	0.9
-0.3	-0.5	-0.9	-1.4	-1.7	-1.4	-0.9	-0.3	0.3	0.8	1.2	1.6
1.3	1.2	1.1	1.1	1.0	1.1	1.3	1.4	1.6	1.7	1.8	1.9
1.1	0.7	0.5	0.3	0.2	0.2	0.5	0.8	1.1	1.2	1.3	1.5
3.3	3.1	2.9	2.6	2.9	2.8	3.0	3.3	3.4	3.7	3.9	4.0
5.0	4.7	3.7	1.8	0.4	-0.3	-0.7	-0.3	0.5	0.8	1.2	1.3
2.5	2.7	2.9	2.9	2.9	2.8	2.9	3.0	3.1	3.1	3.1	3.0
-1.3	-0.4	0.0	0.4	0.1	-0.6	-0.5	-0.8	-1.3	-1.2	-0.9	-0.3
1.4	0.4	-0.4	-0.9	-1.5	-1.0	-0.5	0.1	0.7	0.7	0.6	0.5
-0.4	-0.8	-0.7	-0.6	-0.5	-0.4	-0.4	-0.3	-0.1	0.0	0.1	0.2
-2.3	-5.0	-5.8	-4.9	-3.3	-1.5	0.8	2.5	3.5	3.9	3.6	3.3
2.6	2.6	2.1	1.3	0.5	0.1	0.2	0.5	0.8	1.1	1.1	1.2
2.1	2.4	2.7	3.2	3.3	3.5	3.4	3.1	3.0	3.0	2.9	3.0
2.2	2.5	2.9	3.5	3.7	3.9	4.0	3.5	3.4	3.2	3.1	3.2

NOTES: A dash ( — ) in the Price/Wage Variable column denotes a total or subtotal produced by adding 2 or more categories. ECI represents Employment Cost Index, PPI represents Producer Price Index, and AHE represents Average Hourly Earnings.

HCFA is Health Care Financing Administration. W/S is wages and salaries. Comp is Compensation. FY is fiscal year. Q designates quarter of year. The 4-quarter moving-average percent change for the quarter indicated by the column heading is the rate of change in the average index level for 4-quarters ending in that quarter over the same period of the previous year. The 4 quarter moving-average index level for the quarter indicated by the column heading is computed by summing the index level for that quarter and the prior 3 quarters and dividing by 4. The process is repeated to compute the 4-quarter moving-average index level for the same quarter 1 year ago. The average index level for the quarter indicated by the column heading is divided by the average index level of the same quarter 1 year ago, and the quotient is subtracted from 1 and multiplied by 100 to determine the 4-quarter moving-average percent change in the index.

SOURCES: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Health Statistics, Division of Health Cost Analysis. Fourth quarter 1997 forecasts were produced under contract to HCFA by Standard & Poor's DRI.

**Table 11**  
**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the**  
**Skilled Nursing Facility Input Price Index, by Expense Category: 1995-99**

Expense Category <sup>1</sup>	Price/Wage Variable	Base Year	1995	1996	1996	1996
		Weights CY 77 <sup>2</sup>	Q4	Q1	Q2	Q3
<b>Index Levels</b>						
Total	—	100.000	266.8	269.5	270.7	272.5
Compensation	—	70.620	272.7	275.4	275.7	277.5
Wages and Salaries	AHE-Nursing Facilities	63.020	270.8	273.8	274.0	276.0
Employee Benefits	BEA-Supplement to Wages/ Salaries per Worker	7.600	288.0	288.3	289.9	290.4
Fuel and Other Energy	—	4.270	231.6	239.9	245.2	243.7
Fuel Oil and Coal	IPD-Fuel Oil and Coal	1.660	201.4	219.0	226.3	220.1
Electricity	IPD-Electricity	1.210	230.0	229.5	230.1	231.6
Natural Gas	IPD-Natural Gas	0.910	233.9	238.3	245.1	249.6
Water and Sewage Maintenance	CPI(U)-Water and Sewage	0.490	333.4	339.6	347.0	342.9
Food	—	9.740	201.6	202.5	205.3	208.8
Direct Purchase	PPI-Processed Foods	4.930	175.4	176.2	179.3	183.0
Contract Service	CPI(U)-Food and Beverages	4.810	228.6	229.6	232.0	235.3
All Other	—	15.370	291.0	293.3	296.1	298.1
Pharmaceuticals	PPI-Prescription Drugs	1.500	398.3	399.4	403.3	405.9
Supplies	CPI(U)-All Items	3.280	253.4	255.7	258.3	259.6
Health Services	CPI(U)-Physicians' Services	1.210	361.5	366.3	368.8	371.1
Other Business Services	CPI(U)-Services	4.590	303.4	305.5	308.3	311.2
Miscellaneous Costs	CPI(U)-All Items	4.790	253.4	255.7	258.3	259.6
<b>4-Quarter Moving-Average Percent Change</b>						
Total	—	100.000	2.7	2.6	2.6	2.6
Compensation	—	70.620	2.8	2.6	2.4	2.4
Wages and Salaries	AHE-Nursing Facilities	63.020	3.2	3.0	2.7	2.6
Employee Benefits	BEA-Supplement to Wages/ Salaries per Worker	7.600	-0.7	-0.6	-0.2	0.2
Fuel and Other Energy	—	4.270	-0.3	0.9	2.4	3.6
Fuel Oil and Coal	IPD-Fuel Oil and Coal	1.660	-0.6	2.3	5.1	6.7
Electricity	IPD-Electricity	1.210	2.2	2.3	2.3	2.2
Natural Gas	IPD-Natural Gas	0.910	-5.1	-4.5	-2.6	0.3
Water and Sewage Maintenance	CPI(U)-Water and Sewage	0.490	3.1	3.2	3.8	3.9
Food	—	9.740	2.1	2.5	3.1	3.8
Direct Purchase	PPI-Processed Foods	4.930	1.2	2.2	3.8	5.0
Contract Service	CPI(U)-Food and Beverages	4.810	2.8	2.7	2.6	2.9
All Other	—	15.370	3.2	3.2	3.2	3.2
Pharmaceuticals	PPI-Prescription Drugs	1.500	2.8	3.3	3.7	3.8
Supplies	CPI(U)-All Items	3.280	2.8	2.8	2.7	2.8
Health Services	CPI(U)-Physicians' Services	1.210	4.5	4.5	4.3	3.9
Other Business Services	CPI(U)-Services	4.590	3.4	3.4	3.3	3.3
Miscellaneous Costs	CPI(U)-All Items	4.790	2.8	2.8	2.7	2.8

<sup>1</sup>For data sources used to estimate the input price index relative weights and choice of price proxies, see the October 7, 1992, *Federal Register*.

<sup>2</sup>Category weights may not sum to total because of rounding.

NOTES: A dash (—) in the Price/Wage Variable column denotes a total or subtotal produced by adding 2 or more categories.

AHE represents Average Hourly Earnings, BEA represents Bureau of Economic Analysis, IPD represents Implicit Price Deflator from the Department of Commerce, CPI(U) represents Consumer Price Index for all urban consumers, and PPI represents Producer Price Index. CY is calendar year. Q designates quarter of year. An example of how a percent change is calculated is shown in the Notes at the end of Table 10.

SOURCES: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Health Statistics, Division of Health Cost Analysis. Second quarter 1997 forecasts were produced under contract to HCFA by Data Resources, Inc./McGraw-Hill.

**Table 11—Continued**  
**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the**  
**Skilled Nursing Facility Input Price Index, by Expense Category: 1995-99**

1996 Q4	1997 Q1	1997 Q2	1997 Q3	1997 Q4	Forecast			1998 Q4	1999 Q1	1999 Q2	1999 Q3
					1998 Q1	1998 Q2	1998 Q3				
275.0	277.6	278.7	281.6	284.3	286.0	287.3	289.8	292.6	295.1	296.7	299.3
279.9	282.8	284.5	288.3	291.5	293.4	294.7	297.7	301.2	304.0	305.5	308.5
278.5	281.6	283.3	287.5	291.0	292.9	294.2	297.4	301.1	303.9	305.4	308.6
291.1	293.4	294.2	295.2	295.8	297.6	298.8	300.6	302.4	305.3	306.7	308.3
253.9	257.8	248.4	246.5	249.4	249.7	248.1	247.7	247.6	248.0	248.6	249.4
241.9	242.6	226.5	217.7	222.2	221.5	217.4	215.9	215.9	215.4	214.9	214.5
231.6	231.7	233.1	231.9	231.3	232.2	232.6	232.4	231.7	231.3	231.5	231.9
256.4	272.0	254.5	259.4	264.0	262.6	259.8	258.4	258.0	258.8	259.8	260.2
344.8	347.2	349.1	356.3	359.1	364.7	368.2	373.7	375.2	379.9	384.0	390.5
209.8	209.1	210.2	210.6	210.5	211.0	211.7	212.8	213.8	214.7	215.6	216.5
182.4	180.8	182.3	181.0	180.2	180.8	181.4	182.2	182.9	183.3	183.8	184.2
238.0	238.2	238.8	240.9	241.5	242.0	242.8	244.1	245.5	246.8	248.1	249.6
300.0	302.5	304.2	305.7	307.2	309.4	311.8	313.8	315.6	318.0	320.8	323.0
406.2	412.3	414.6	415.8	418.4	424.5	428.7	431.1	434.0	441.3	446.6	449.6
261.5	263.3	264.3	265.4	266.4	267.3	269.1	270.7	271.9	273.0	275.2	277.1
373.2	377.4	380.9	382.4	383.9	389.3	394.6	397.2	400.3	404.4	410.2	413.2
313.6	315.9	318.1	320.3	322.4	324.8	327.0	329.3	331.5	333.8	336.2	338.7
261.5	263.3	264.3	265.4	266.4	267.3	269.1	270.7	271.9	273.0	275.2	277.1
2.8	2.9	3.0	3.1	3.2	3.2	3.2	3.1	3.0	3.0	3.1	3.2
2.4	2.5	2.7	3.1	3.5	3.7	3.8	3.7	3.5	3.5	3.5	3.6
2.7	2.7	2.9	3.3	3.7	4.0	4.1	4.0	3.7	3.6	3.6	3.7
0.6	1.1	1.3	1.5	1.6	1.5	1.6	1.6	1.8	2.1	2.3	2.5
6.0	6.9	5.8	4.8	2.0	-0.7	-1.0	-1.2	-0.9	-0.3	-0.2	-0.1
11.8	12.2	9.3	7.1	0.2	-4.6	-5.6	-5.6	-4.2	-2.6	-1.9	-1.9
1.6	1.4	1.2	0.8	0.6	0.4	0.0	0.0	0.1	-0.1	-0.1	-0.2
4.0	8.1	8.4	7.8	6.1	1.7	1.3	0.2	-1.0	-0.5	-1.0	-0.7
4.1	3.6	2.4	2.5	2.7	3.4	4.6	4.9	5.0	4.7	4.5	4.4
4.0	4.1	3.6	2.6	1.7	1.1	0.7	0.7	1.1	1.3	1.5	1.7
5.0	4.7	3.7	1.8	0.5	-0.2	-0.7	-0.3	0.4	0.8	1.2	1.3
3.3	3.6	3.6	3.3	2.6	2.1	1.8	1.5	1.6	1.7	1.8	2.0
3.1	3.1	3.0	2.9	2.7	2.5	2.4	2.5	2.5	2.7	2.8	2.8
3.3	3.1	2.9	2.6	2.9	2.8	3.0	3.3	3.4	3.7	3.9	4.0
2.9	3.0	2.9	2.7	2.3	2.0	1.9	1.8	1.9	2.0	2.1	2.2
3.6	3.3	3.2	3.1	3.0	3.1	3.2	3.4	3.7	3.9	4.0	4.0
3.3	3.3	3.3	3.2	3.1	2.9	2.8	2.8	2.8	2.8	2.8	2.8
2.9	3.0	2.9	2.7	2.3	2.0	1.9	1.8	1.9	2.0	2.1	2.2

**Table 12**  
**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change of the**  
**Home Health Agency (HHA) Input Price Index by Expense Category: 1995-99**

Expense Category <sup>1</sup>	Price/Wage Variable	Base Year Weights FY93 <sup>4</sup>	1995	1996	1996	1996
			Q4	Q1	Q2	Q3
<b>Index Levels</b>						
Total	—	100.000	107.5	108.4	109.1	109.8
Compensation <sup>2</sup>	—	77.668	107.4	108.2	108.9	109.7
Wages and Salaries <sup>2</sup>	HHA Occupational Wage Index <sup>5</sup>	64.226	107.3	108.2	108.9	109.8
Employee Benefits <sup>2</sup>	HHA Occupational Benefits Index <sup>5</sup>	13.442	107.8	108.4	108.9	109.2
Operations and Maintenance	CPI(U)-Fuel and Other Utilities	0.832	102.5	103.7	105.3	107.4
Administrative and General <sup>3</sup>	—	9.569	108.8	109.7	110.4	111.4
Telephone	CPI(U)-Telephone Services	0.725	103.0	103.5	103.6	104.8
Paper and Printing	CPI(U)-Household Paper Products	0.529	112.4	113.8	114.4	113.3
Postage	CPI(U)-Postage	0.724	110.3	110.3	110.3	110.3
Other Administrative Costs <sup>3</sup>	CPI(U)-Services	7.591	108.9	110.0	110.8	112.0
Transportation	CPI(U)-Private Transportation	3.405	107.5	108.5	111.1	110.4
Capital-Related	—	3.204	107.2	107.7	108.0	108.8
Insurance	CPI(U)-Household Insurance	0.560	108.3	109.0	109.9	111.5
Fixed Capital	CPI(U)-Owner's Equivalent Rent	1.764	109.1	109.9	110.4	111.3
Movable Capital	PPI-Machinery and Equipment	0.880	102.6	102.7	102.1	102.0
Other Expenses <sup>3</sup>	CPI(U)-All Items Less Food and Energy	5.322	107.8	108.7	109.3	109.8
<b>4-Quarter Moving-Average Percent Change</b>						
Total	—	100.000	2.7	2.7	2.6	2.7
Compensation <sup>2</sup>	—	77.668	2.6	2.5	2.5	2.6
Wages and Salaries <sup>2</sup>	HHA Occupational Wage Index <sup>5</sup>	64.226	2.6	2.6	2.7	2.8
Employee Benefits <sup>2</sup>	HHA Occupational Benefits Index <sup>5</sup>	13.442	2.2	2.1	1.9	1.8
Operations and Maintenance	CPI(U)-Fuel and Other Utilities	0.832	0.7	1.1	1.7	2.4
Administrative and General <sup>3</sup>	—	9.569	3.9	3.8	3.6	3.3
Telephone	CPI(U)-Telephone Services	0.725	0.8	0.7	0.8	1.2
Paper and Printing	CPI(U)-Household Paper Products	0.529	6.5	8.6	9.4	7.9
Postage	CPI(U)-Postage	0.724	10.3	7.5	4.9	2.4
Other Administrative Costs <sup>3</sup>	CPI(U)-Services	7.591	3.4	3.4	3.3	3.3
Transportation	CPI(U)-Private Transportation	3.405	3.7	2.9	2.3	2.3
Capital-Related	—	3.204	2.8	2.6	2.4	2.3
Insurance	CPI(U)-Household Insurance	0.560	3.3	2.5	1.8	1.8
Fixed Capital	CPI(U)-Owner's Equivalent Rent	1.764	3.3	3.4	3.4	3.3
Movable Capital	PPI-Machinery and Equipment	0.880	1.2	1.1	0.8	0.5
Other Expenses <sup>3</sup>	CPI(U)-All Items less Food and Energy	5.322	3.0	3.0	2.9	2.8

<sup>1</sup>For data sources used to estimate the input price index relative weights and choice of price proxies, see the July 1, 1996, Federal Register.

<sup>2</sup>Includes allocated Contract Services' Labor.

<sup>3</sup>Includes allocated Contract Services' Non-Labor.

<sup>4</sup>Category weights may not sum to total because of rounding.

<sup>5</sup>The HHA Occupational Wage and Occupational Benefit Indexes are computed as weighted-averages of 5 ECI categories (ECI for Civilian Hospital Workers and 4 ECI occupational categories).

NOTES: A dash (—) in the Price/Wage Variable column denotes a total or subtotal produced by adding 2 or more categories. CPI(U) represents Consumer Price Index for all urban consumers. CY is calendar year. Q designates quarter of year. An example of how a percent change is calculated is shown in the Notes at end of Table 10.

SOURCES: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Health Statistics, Division of Health Cost Analysis. Fourth quarter 1997 forecasts were produced under contract to HCFA by Standard & Poor's DRI.

**Table 12—Continued**  
**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the**  
**Skilled Nursing Facility Input Price Index, by Expense Category: 1995-99**

1996 Q4	1997 Q1	1997 Q2	Forecast								
			1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
110.5	111.3	112.0	113.1	113.8	114.7	115.3	116.3	117.1	118.1	118.7	119.8
110.4	111.1	112.0	113.2	114.0	114.9	115.4	116.5	117.4	118.4	118.9	120.1
110.5	111.4	112.2	113.6	114.4	115.3	115.9	116.9	117.8	118.8	119.4	120.5
109.6	110.1	110.7	111.5	112.0	113.0	113.4	114.4	115.0	116.5	116.9	118.0
106.9	108.4	107.8	109.4	108.0	109.6	110.4	111.9	110.3	111.5	112.5	114.2
111.8	112.8	113.3	114.1	114.4	115.4	116.0	117.3	117.6	118.6	119.2	120.2
105.3	105.8	106.2	105.7	105.6	106.2	106.7	106.8	107.1	107.8	108.4	108.5
113.8	114.2	114.4	114.2	114.3	115.2	116.5	117.3	117.9	118.5	119.0	119.5
110.3	110.3	110.3	110.3	110.3	110.3	110.3	114.2	114.2	114.2	114.2	114.2
112.5	113.6	114.2	115.3	115.6	116.8	117.4	118.5	118.9	120.0	120.7	121.9
111.3	111.7	111.1	110.8	111.4	112.0	113.4	113.7	115.1	116.1	117.1	117.5
109.4	109.9	110.2	111.1	111.7	112.5	113.2	114.2	115.0	115.4	116.2	117.4
112.3	112.2	113.1	114.3	115.0	115.8	116.9	118.1	118.9	119.8	120.8	122.1
112.2	113.1	113.6	114.9	115.7	116.7	117.5	118.9	120.1	120.5	121.5	123.1
101.9	102.0	101.8	101.6	101.5	101.9	102.0	102.2	102.2	102.6	102.7	102.9
110.6	111.4	112.1	112.4	113.2	113.7	114.6	115.5	116.3	116.8	117.7	118.4
2.7	2.7	2.7	2.8	2.8	2.9	3.0	2.9	2.9	2.9	2.9	3.0
2.7	2.7	2.8	2.9	3.0	3.2	3.2	3.2	3.1	3.0	3.0	3.0
2.9	3.0	3.0	3.1	3.2	3.4	3.4	3.3	3.2	3.1	3.0	3.0
1.7	1.6	1.6	1.7	1.9	2.2	2.3	2.5	2.6	2.7	2.9	3.0
3.1	3.8	3.6	3.3	2.4	1.6	1.6	1.7	2.0	2.1	2.0	1.9
3.0	2.9	2.8	2.7	2.5	2.4	2.4	2.4	2.6	2.7	2.8	2.7
1.5	1.8	2.2	1.9	1.4	1.0	0.5	0.5	0.8	1.1	1.4	1.5
5.6	3.1	1.2	0.6	0.4	0.6	1.0	1.5	2.1	2.6	2.7	2.5
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.8	2.7	3.5	2.6
3.2	3.2	3.2	3.1	3.0	2.9	2.8	2.8	2.8	2.8	2.8	2.8
2.8	3.0	2.3	1.7	0.8	0.2	0.7	1.3	2.1	2.9	3.2	3.4
2.2	2.1	2.1	2.1	2.1	2.1	2.3	2.5	2.7	2.7	2.8	2.8
2.3	2.7	3.0	3.0	2.7	2.8	2.9	3.1	3.3	3.4	3.4	3.4
3.2	3.0	2.9	3.0	3.0	3.1	3.2	3.3	3.5	3.5	3.5	3.5
0.0	-0.4	-0.5	-0.5	-0.4	-0.3	-0.2	0.1	0.3	0.5	0.7	0.7
2.7	2.6	2.6	2.5	2.4	2.3	2.2	2.3	2.5	2.6	2.8	2.7

Table 13

**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the HCFA Medicare Economic Index with DRI Forecast Assumptions, by Expense Category: 1995-99**

Expense Category <sup>1</sup> Price/Wage Variable		Base Year	Forecast			
		Weights CY 89 <sup>2</sup>	1995 Q4	1996 Q1	1996 Q2	1996 Q3
<b>Index Levels</b>						
Total	—	100.000	116.6	117.4	117.8	118.4
Physician Earnings	—	54.155	114.3	114.9	115.2	115.8
Wages and Salaries	AHE-Private <sup>3</sup>	45.342	112.0	112.7	113.0	113.5
Benefits	ECI-Benefits, Private <sup>3</sup>	8.813	126.0	126.4	126.9	127.3
Practice Expenses	—	45.845	119.4	120.3	120.9	121.4
Non-Physician Compensation	—	16.296	117.3	118.3	118.8	119.8
Wages and Salaries	—	13.786	115.6	116.6	117.2	118.1
Professional/Technical	ECI-W/S: Professional/Technical <sup>3</sup>	3.790	116.6	118.0	118.7	119.2
Managers	ECI-W/S: Administrative. Managerial <sup>3</sup>	2.620	115.6	116.8	117.4	119.1
Clerical	ECI-W/S: Clerical <sup>3</sup>	5.074	116.2	117.1	117.6	118.5
Craft	ECI-W/S: Craft <sup>3</sup>	0.069	112.8	113.6	114.6	114.8
Services	ECI-W/S: Service Occupations <sup>3</sup>	2.233	112.5	113.1	113.6	114.4
Employee Benefits	ECI-Benefits, Private White Collar <sup>3</sup>	2.510	126.8	127.4	127.9	128.7
Office Expenses	CPI(U)-Housing	10.280	121.6	122.9	123.7	125.1
Medical Materials/Supplies	PPI-Drugs/PPI-Surgical/CPI- Medical Supplies	5.251	131.6	132.2	133.1	133.2
Professional Liability Insurance	HCFA-Professional Liability Premiums	4.780	103.9	103.8	103.4	102.1
Medical Equipment	PPI-Medical Instruments/Equipment	2.348	111.0	112.4	112.2	111.9
Other Professional Expenses	—	6.890	125.2	126.2	127.4	127.7
Automobile	CPI(U)-Private Transportation	1.400	120.9	122.0	124.9	124.1
All Other	CPI(U)-All Items Less Food/Energy	5.490	126.3	127.3	128.0	128.6
<b>4-Quarter Moving-Average Percent Change</b>						
Total	—	100.000	1.9	2.0	2.1	2.2
Physician Earnings	—	54.155	1.8	1.8	2.0	2.1
Wages and salaries	AHE-Private <sup>3</sup>	45.342	1.9	2.0	2.2	2.3
Benefits	ECI-Benefits, Private <sup>3</sup>	8.813	1.5	1.2	1.0	1.0
Practice Expenses	—	45.845	2.1	2.2	2.2	2.3
Non-Physician Compensation	—	16.296	2.0	1.9	1.9	2.1
Wages & Salaries	—	13.786	1.9	2.0	2.1	2.3
Professional/Technical	ECI-W/S: Professional/Technical <sup>3</sup>	3.790	1.7	1.8	2.1	2.4
Managers	ECI-W/S: Administrative./Managerial <sup>3</sup>	2.620	2.2	2.2	2.4	2.8
Clerical	ECI-W/S: Clerical <sup>3</sup>	5.074	2.1	2.1	2.1	2.3
Craft	ECI-W/S: Craft <sup>3</sup>	0.069	1.9	2.0	2.1	2.1
Services	ECI-W/S: Service Occupations <sup>3</sup>	2.233	1.7	1.6	1.6	1.6
Employee Benefits	ECI-Benefits, Private White Collar <sup>3</sup>	2.510	2.1	1.7	1.3	1.2
Office Expenses	CPI(U)-Housing	10.280	2.5	2.7	2.8	2.9
Medical Materials/Supplies	PPI-Drugs/PPI-Surgical/CPI-Medical Supplies	5.251	2.2	2.3	2.4	2.8
Professional Liability Insurance	HCFA-Professional Liability Premiums	4.780	-0.2	0.5	0.9	0.3
Medical Equipment	PPI-Medical Instruments/Equipment	2.348	1.3	1.5	1.6	1.4
Other Professional Expenses	—	6.890	3.1	3.0	2.8	2.7
Automobile	CPI(U)-Private Transportation	1.400	3.7	2.9	2.3	2.3
All Other	CPI(U)-All Items less Food/Energy	5.490	3.0	3.0	2.9	2.8

<sup>1</sup>For data sources used to estimate the index relative weights and choice of price proxies, see the November 25, 1992, Federal Register.

<sup>2</sup>Category weights may not sum to total because of rounding.

<sup>3</sup>Series are adjusted for productivity using 10-year moving average of output per hour for the non-farm business sector. All series in the compensation portion of the MEI are adjusted for productivity so both economy-wide productivity and physician practice productivity are not included in the update.

NOTES: A dash (—) in the Price/Wage Variable column denotes a total or subtotal produced by adding 2 or more categories. Q designates quarter of year. AHE represents Average Hourly Earnings, ECI represents Employment Cost Index, CPI(U) represents Consumer Price Index for all urban consumers, and PPI represents Producer Price Index. An example of how a percent change is calculated is shown in the NOTES at end of Table 10.

SOURCES: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Health Statistics Division of Health Cost Analysis. Fourth quarter 1997 forecasts were produced under contract to HCFA by Standard & Poor's DRI.

Table 13- Continued

Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the HCFA Medicare Economic Index with DRI Forecast Assumptions, by Expense Category: 1995-99

1996 Q4	1997 Q1	1997 Q2	1997 Q3	Forecast 1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
119.2	120.1	120.4	121.0	122.0	122.7	123.3	123.9	124.8	125.6	126.1	126.7
117.1	118.1	118.2	118.6	120.0	120.6	120.9	121.2	122.4	123.2	123.4	123.8
115.1	116.1	116.2	116.6	118.2	118.9	119.1	119.4	120.8	121.4	121.5	121.8
127.5	128.0	128.3	128.6	129.0	129.8	130.3	130.8	131.1	132.5	133.0	133.9
121.6	122.5	123.1	123.8	124.3	125.2	126.0	127.0	127.6	128.5	129.3	130.2
120.1	121.0	121.7	122.6	123.2	124.1	124.5	125.3	125.8	126.7	127.1	128.0
118.5	119.4	120.2	121.3	121.9	122.7	123.1	124.0	124.6	125.4	125.8	126.7
119.2	120.0	121.0	121.9	122.4	123.1	123.5	124.6	125.0	125.6	126.0	127.0
119.2	120.5	121.3	122.3	123.0	123.8	124.3	125.4	125.9	126.7	127.3	128.2
118.9	119.9	120.7	121.5	122.1	123.1	123.5	124.2	124.8	125.8	126.2	127.1
115.4	115.8	117.0	117.4	118.0	118.6	119.4	120.3	120.6	121.3	121.9	122.7
115.6	116.2	116.9	118.7	119.2	120.0	120.2	121.0	122.0	122.7	122.7	123.6
128.6	129.5	129.8	130.1	130.5	131.5	132.0	132.4	132.7	134.1	134.7	135.4
125.2	126.5	127.0	128.1	128.3	129.6	130.7	132.2	132.4	133.5	134.6	136.0
132.9	134.6	135.3	135.6	136.1	137.5	138.6	139.3	139.5	141.4	142.8	143.6
101.6	101.6	102.1	102.9	103.4	104.1	105.0	106.3	107.2	108.0	108.7	109.5
112.2	110.3	110.5	110.3	110.8	110.5	111.1	111.2	112.0	111.0	111.5	111.6
128.6	129.5	130.0	130.1	131.0	131.7	132.8	133.7	134.8	135.5	136.6	137.3
125.1	125.5	124.9	124.5	125.2	125.9	127.4	127.8	129.4	130.5	131.6	132.0
129.5	130.5	131.3	131.6	132.5	133.1	134.2	135.2	136.2	136.8	137.8	138.7
2.2	2.3	2.2	2.2	2.3	2.2	2.3	2.3	2.3	2.4	2.3	2.3
2.2	2.5	2.5	2.6	2.5	2.4	2.3	2.3	2.2	2.2	2.1	2.1
2.5	2.7	2.8	2.9	2.8	2.7	2.6	2.5	2.3	2.3	2.2	2.1
1.0	1.1	1.2	1.2	1.1	1.2	1.3	1.5	1.6	1.7	1.9	2.0
2.2	2.1	1.9	1.9	1.9	2.0	2.2	2.4	2.5	2.6	2.6	2.6
2.2	2.3	2.4	2.4	2.4	2.5	2.5	2.4	2.3	2.2	2.1	2.2
2.4	2.5	2.6	2.6	2.6	2.7	2.7	2.5	2.4	2.2	2.2	2.2
2.5	2.3	2.1	2.0	2.1	2.4	2.4	2.4	2.3	2.1	2.1	2.0
3.0	3.2	3.3	3.1	3.1	3.0	2.8	2.7	2.5	2.4	2.4	2.3
2.3	2.4	2.5	2.5	2.6	2.6	2.6	2.5	2.4	2.2	2.2	2.2
2.2	2.1	2.1	2.2	2.2	2.3	2.2	2.3	2.3	2.2	2.3	2.2
2.0	2.3	2.6	3.0	3.1	3.2	3.2	2.8	2.6	2.3	2.2	2.2
1.2	1.3	1.5	1.4	1.4	1.4	1.4	1.6	1.7	1.8	1.9	2.0
2.9	2.9	2.9	2.7	2.6	2.5	2.6	2.8	2.9	3.1	3.1	3.0
2.3	2.1	1.8	1.6	2.0	2.0	2.2	2.4	2.4	2.6	2.8	2.9
-0.6	-1.4	-1.8	-1.2	-0.2	1.0	2.0	2.6	3.1	3.4	3.5	3.4
1.4	0.4	-0.4	-0.9	-1.5	-1.0	-0.5	0.1	0.7	0.7	0.6	0.5
2.7	2.7	2.5	2.3	2.1	1.9	1.9	2.1	2.4	2.7	2.8	2.8
2.8	3.0	2.3	1.7	0.8	0.2	0.7	1.3	2.1	2.9	3.2	3.4
2.7	2.6	2.6	2.5	2.4	2.3	2.2	2.3	2.5	2.6	2.8	2.7

